Please match two columns given below to determine which method is best suited for a certain commodity.

( )mineral ore	A. sample
( )ordinary garments	B. description
( )Haier washing machine	C. F.A.Q
( )medical apparatus	D. famous brand
( )wheat	E. specification
( )Beijing Roasted Duck	F. Grade
( )Green Tea	G. Origin

Chapter 3: Quantity of Goods

Quantity of Goods

- Introduction
- Units of Measurement
- Quantity Clause in the Contract
- Case Study

1. INTRODUCTION

- **Definition Of Quantity**
  - Refers to the weight, number, length, volume, area, capacity, etc. which are indicated by different measuring units.
- ***CISG:***
  - it is obligatory for sellers to deliver the quantity of goods that is identical to that called for in the contract.

Article 52, Item 2 in "CISG"

- If the seller delivers a quantity of the goods greater than that provided for in the contract, the buyer may take delivery or refuse to take delivery of the excess quantity. If the buyer takes delivery of all or part of the excess quantity, he must pay for it at the contract rate.
- If the quantity delivered is less than that agreed upon, sellers should make up for the shortage within the time limit without rendering buyers any unreasonable inconvenience and cost.
- However, buyers are still entitled to lodge a claim for compensation.

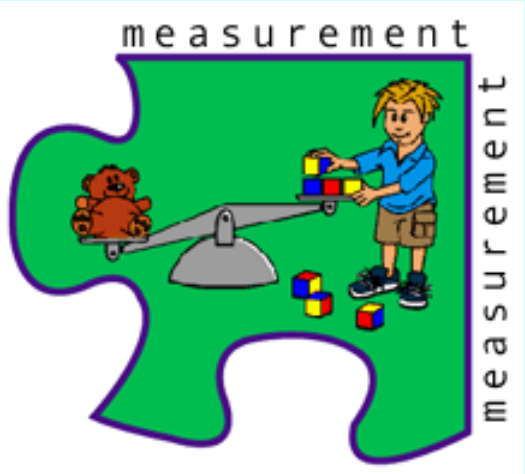
Multiple Choice

- **One company exports 50 Metric Ton wheat. The seller actually delivers 2 metric ton greater than the contract quantity. Then the buyer is entitled to make the following decisions_____:**
  - **A: take delivery of 52 M/T goods**
  - **B: take delivery of 1 M/T excess**
  - **C: refuse to take delivery of 52 M/T goods**
  - **D: refuse to take delivery of 2 M/T excess**

2. Units of Measurement

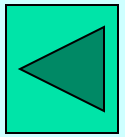
MAIN MENU

- Measurement System
- Measurement Units
- Calculation of Weight



2.1 Measurement System

- **The *Metric* System**
- **The *British* System**
- **The *U.S.* System**
- **International System of Units (*SI*)**
  - e.g.: metric ton=1000 kilos,
  - (British) long ton=1016 kilos
  - (American) short ton=907 kilos



2.2 Measurement Units

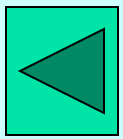
- Weight
- Number
- Length
- Area
- Volume
- Capacity

2.2.1 Weight

- **Products**
  - Natural products and part of industrial products, such as wool, cotton, wheat, mineral products, oil, salt, medicine, etc.
- **Measuring Units**
  - Kilogram(kg); ton(t); metric ton(m/t); quintal(q); gram(gm); pound(1b); ounce(oz); long ton(l/t); short ton(s/t) etc.

2.2.2 Number

- **Products**
  - Daily industrial products and general products, such as stationery, paper, toys, clothes, cars, tractors, live animals, etc.
- **Measuring Units**
  - Piece(pc); package(pkg); pair; set; dozen(doz); gross(gr); ream(rm); roll or coil; unit; head; case; bale; barrel or drum; bag, etc.

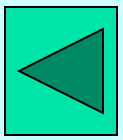


2.2.3 length

- **Products**
  - Textiles; ropes; cables, etc.
- **Measuring Units**
  - Yard(yd);
  - metre(m);
  - foot(ft);
  - centi-metre(cm).

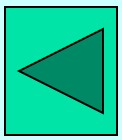
2.2.4 Area

- **Products**
  - Leather products, plastic products, etc., such as plastic canvas; plastic floor; leather; iron net, etc.
- **Measuring Units**
  - Square yard(yd^2); square metre(m^2); square foot(ft^2); square inch.



2.2.5 Volume

- **Products**
  - Chemical gas; wood, etc
- **Measuring Units**
  - Cubic yard(yd^3);
  - cubic metre(m^3);
  - cubic foot(ft^3);
  - cubic inch

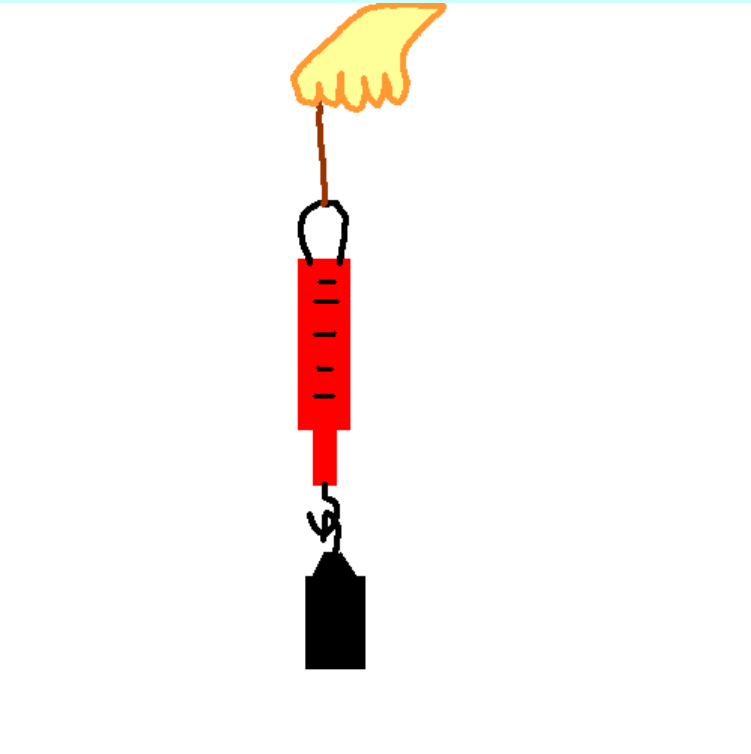


2.2.6 Capacity

- **Products**
  - Corn, liquid, gas, etc., such as wheat, corns, petrol, alcohol, beer; natural gas, etc.
- **Measuring Units**
  - Litre(l)
  - gallon(gal)
  - bushel(bu), etc.

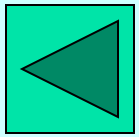
2.3 Calculation of Weight

- Gross Weight
- Net Weight
- Conditional Weight
- Theoretical Weight



2.3.1 Gross Weight

- **Definition:**
  - The gross weight refers to the weight of the cargo itself plus the tare, i.e, commodity + tare
- **Products:**
  - Low value products



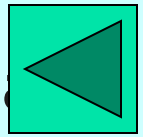
2.3.2 Net Weight

- **Definition:**
  - The net weight is the actual weight of the goods, i.e., Gross weight – tare
- **Products:**
  - Products measured by weight is usually measured by Net Weight

Article 56 "CISG": "if the price is fixed according to the weight of the goods, in case of doubt it is to be determined by the **net weight**."

2.3.2.1 Calculation of Tare

- **By actual tare or real tare:**
  - The actual weight of the package.
- **By average tare:**
  - an average tare of a part of the commodity
- **By customary tare:**
  - Certain standard package has a generally recognized weight.
- e.g.: The weight of a gunny bag is 2.5 pounds.
- **By computed tare:**
  - The tare previously agreed upon by the seller and buyer



"Gross for Net"

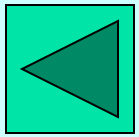
- **Some cargoes,**
  - whose packing are not convenient to be calculated by net weight, such as tobacco flakes, news reels
  - Or those, the values of the packing materials are almost the same as the values of the cargoes themselves, such as grain, fodder, etc.,

  are often calculated by gross weight, which is called " Gross for Net" in international trade.

  ✓ Example: Northeast China soybean, 1,000 M/T, packed in single new gunny bags, 100 kilograms per bag, gross for net

2.3.3 Conditioned Weight

- **Definition:**
  - This refers to the kind of weight derived from the process, with which the moisture content of the commodity is removed and standardized moisture added both by scientific methods
- **Products:**
  - Raw silk and wool, which are of high economic value and with unsteady moisture content
- **Calculation of Conditioned Weight**



2.3.3.1 Calculation of Conditioned Weight

Formula of Calculating the Conditioned Weight

$$\text{Conditioned weight} = \frac{\text{actual weight} \times (1 + \text{standard regaining rate of water})}{1 + \text{actual regaining rate of water}}$$

- **Standard regaining rate of water**: is the ratio between the water content and the dry weight of the cargo which is accepted on the world market.
- **Actual regaining rate of water**: is the ratio between the actual regaining water content in the cargo and the actual dry weight of the cargo.
  - Example: the accepted international standard regaining water content of wool and raw silk is 11%

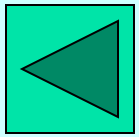
Calculation of Conditioned Weight)

One Chinese company exports 10 Metric Ton wool to a Korea company. The standard regaining rate of water is 11%. When abstracting water from 10 kilograms wool by a scientific method, we can get 8 kilograms net wool. Please calculate the conditioned weight of the wool.

Conditioned Weight:8.88M/T

2.3.4 Theoretical Weight

- **Definition:**
  - Commodities that have regular specifications and regular size, such as tin plate, steel plate, etc. are often subject to the use of theoretical weight.



3. Quantity Clause in the Contract

- Stipulation of Quantity Clause
- More or Less Clause
- About or Circa or Approximate

3.1 Stipulation of Quantity Clause

- **Contents of Quantity Clause**
  - Quantity of Goods
  - Measurement Unit
  - Method of measurement
  - e.g.: “Chinese rice, 500M/T packed in gunny bags, 50kg. each, **net weight**.”

3.2 More or Less Clause

- **Definition:**
  - The seller may deliver the goods with a certain percentage more or less in quantity according to the agreed *quantity latitude*
- **Application:**
  - agricultural or mineral products
- **Example:**
  - **"Datong Steam Coal, 5,000 M/T, 5% more or less at the seller's option, value of the excess or shortage quantity to be calculated at the contract price. "**

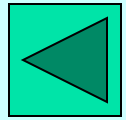
3.2 More or Less Clause

- As to the purchase price of the goods more or less delivered, 2 ways to calculate:
  - According to the unit price stipulated in the contract
  - According to the market price when the cargo is shipped

Fluctuation of the market price

3.3 About or Circa or Approximate

- **Definition:**
  - If we put “about” , “ Circa ” or “ Approximate ” before the quantity of the goods it indicates that the quantity of the goods is not exact.



Important

The Uniform Customs and Practice for Documentary Credits of International Chamber of Commerce

Article 39-a of UCP600 stipulates:

- **"The words "about," "approximately," "circa" or similar expressions used in connection with the amount of the Credit or the quantity or the unit price stated in the Credit are to be construed as allowing a difference not to exceed 10% more or less than the amount or the quantity or the unit price to which they refer."**

Important 

- **Article 39-b of UCP600 stipulates:**

"Unless a Credit stipulates that the quantity of the goods specified must not be exceeded or reduced, a tolerance of 5% more or 5% less will be permissible, always provided that the amount of the drawings does not exceed the amount of the Credit. This tolerance does not apply when the Credit stipulates the quantity in terms of a stated number of packing units or individual items."

Case Study

- One Chinese Export Corporation does business with a Russian company to sell soybean. The quantity clause in contract stipulated that: “soybean, 100 kilos./bag, net weight, altogether 1,000 bags, total 100 metric tons”. When the cargos arrived at Russia, after the inspection of Russian customs, the net weight of each bag only has 96 kilos; the total amount of 1,000 bags is 96 metric tons. At that time the market price of soybean falls off, the Russian company takes the reason that the goods delivered are not in conformity with that stipulated in the contract and requests to decrease the price of soybean by 5%, otherwise they will reject the goods.
- Question: whether the request of the Russian company is reasonable?

- In addition, if in this case soybeans are not packed in bags but in bulk, then how is the result?

Case study

- An export company in China signed a fruit export contract with a Hungarian firm, payment to be made upon the acceptance inspection after the arrival of the goods. However, the goods arrived were found to be 10% short in total weight; the individual weight was also less than that stipulated in the contract. The Hungarian firm neither made payment nor took the delivery. The fruits all rot away.
- Question: Who will be responsible for the losses? Why?

THE END