



NATIONAL GRAIN AND FEED ASSOCIATION

# Arbitration Decisions

June 3, 1982

ARBITRATION CASE NO. 1572

PLAINTIFF: Continental Grain Company, St. Louis, Missouri

DEFENDANT: Bunge Corporation, St. Louis, Missouri

THE FACTS

On December 16, 1980, Continental and Bunge entered into a contract in which Continental agreed to sell two, three-car rail units of corn to Bunge for shipment in the last half of December 1980. Continental's confirmation provided that the basis was "FOB ICG Greenville, Mississippi." Bunge's confirmation provided that the basis was "FOB Greenville, Mississippi."

On December 17, 1980, Continental applied six cars to Bunge; three from Browns, Illinois, and three from Meriden, Iowa. Bunge instructed Continental to ship the six cars to the Bunge elevator in Greenville, Mississippi.

The cars were shipped to Greenville without notice to Bunge that Continental intended to charge additional freight. Continental charged Bunge an additional 23 1/4 cents per bushel for a total of \$4,955.21. The additional charge was based on the average freight charge from the point of shipment to several points in Mississippi beyond, which points appear to have been arbitrarily chosen by Continental.

Bunge protested and Continental advised that it would arbitrate the dispute.

THE DECISION

There was no dispute concerning terms. The issue was simply whether or not a buyer has a right to bill cars to a destination that is the same as the basing point used to price the contract. Apparently, neither party raised the issue during the negotiation, and there was no notation of "for shipment beyond" in either contract.

There is nothing in the Trade Rules that would preclude shipment to the basing point as a destination. Trade practice generally is to ship beyond the basing point, but there are enough exceptions to prevent using "trade practice" as an over-riding criterion.

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In that specific case, recognizing the geographical location of Greenville, and the fact that the Defendant has an elevator there, it would seem reasonable to assume that the buyer might, in fact, want the grain shipped to that location. This arbitration committee, therefore, finds unanimously for the Defendant, Bunge Corporation. No penalties were applied.

/s/James H. Lindau, Chairman, Arbitration Comm.  
The Pillsbury Company, Minneapolis, Minn.

/s/Peter Kooi  
Cargill, Inc., Chicago, Ill.

/s/Thomas Schnapp  
Checkerboard Grain Co., Kansas City, Mo.