Industrial Works Contract Questions

1. Would National Fruit be better off with a cost reimbursable or lump cum construction (See Art. 6)? What additional clauses can it add to protect itself no matter which payment method is chosen?

2. How important are Arts. 16-18 of the form contract?

3. Are the Passing of Risk provisions adequate? (See Art. 19.) Do they favor U.S. Machine Corp. or National Fruit?

4. Would you change or alter the hardship provision? (See Art. 20.) Is it explicit enough in what is covered? If not, how would you change it? What happens if any of the following problems develop after the signature of the agreement? U.S. export controls on trade with Honduras are tightened to forbid this export? Honduras imposes new currency restrictions blocking payment on the goods for constructing the plant? The exchange rate for Honduras changes drastically for the worse? The U.S. imposes curbs on the imports into the U.S. of the plants products?

5. Consider the "boiler plate" provisions on dispute settlement in Art. 23? Are these adequate? What would you change or add?