

MATA

Mediation and Training Alternatives

Cementing Relationships

General Information

Background

Ali Sindi Corporation are agents in Saudi Arabia for many construction and engineering contractors, consultants and suppliers. The commercial arrangements in Saudi are that external companies must either work through a Saudi agent or must have a Saudi partner. In this case Ace Conveyors Ltd used Ali Sindi Corp as their agent in Saudi and the commercial arrangement was that Ace invoiced ASC who then added their mark-up and invoiced the Saudi customer accordingly. Import duties, port charges, taxes and onward carriage were charged to the customer by ASC.

Ace were invited to quote for two high speed conveyor sorting and weighing systems for Saudi Cement Corporation to sort and transfer the raw materials from the holding silos to the processing plant. The aim was to achieve 30 tonnes per day for each conveyor, nearly three times the quantity currently produced by SCC's screw driven system. Ace were at the forefront of conveyor systems development and, although they had not produced a conveyor with this capacity before, were confident of developing a system that met the specification. Their proposal was accepted and their quotation to ASC finalised at £68,000.

Ace delivered the two conveyor systems six months later and their team of engineers travelled to Saudi Arabia to carry out the installation and commissioning. The silos were adapted, the old screw driver was scrapped and conveyor No 1 was uncrated, assembled and commissioned. Unfortunately it did not achieve more than 15 tonnes per day and, no matter what adjustments, adaptations and tweaks were made, the output did not get near the 30 tonnes per day. SCC liquidated their bank guarantee leaving Ali Sindi without payment. They, in turn, informed Ace that they would not receive payment for the goods because they were not fit for purpose. The Ace team returned to the UK and everything went silent.

The dispute

A year ago, and one year after the Ace team returned to the UK, Ace received a claim from Ali Sindi of:

- Loss of profit £30,000
- Repayment of customs duties, freight charges and the like £14,000
- Damages (to reputation) and restitution (SCC costs) unquantified
- Legal costs (currently £15,000)
- Interest

Although there has been some contact between the lawyers, the offer by Ace to 'drop hands' (ie. they do not pursue payment for the conveyors on the basis that Ali Sindi drop their claims) was not well received. Ali Sindi responded that they had suffered loss of face, damaged reputation and loss of business as a direct result of Ace's failure to deliver goods that were fit for purpose. Ace's lawyers responded that Ace's terms and conditions of sale specifically excluded consequential losses and that such claims were therefore excluded.

Because Ace and Ali Sindi had a long and previously happy working relationship, they both agreed to take their dispute to mediation.

Attending the mediation

Ace Conveyors Ltd Managing Director
Ace's external lawyer

Ali Sindi Corporation Owner
Ali Sindi UK lawyer