

## Roadmap for 2019-2020 welding materials tender organized by ELME AS

### Schedule:

#### 16.04-30.04 Price tender.

All participants will get a link leading to the site where they can name prices for contractual items. It's allowed to offer different options for the same position. For example: lower quality/lower price option and higher quality/higher price option. Or when options differ technically and it's hard to choose, both can be offered. For example: one wire works better with pure CO<sub>2</sub>, other with mixed gases or both.

**If using this option please explain exact reason!**

**30.04.19 17.00 is the last date for price offers.**

#### 6.05.19-20.05.19 Testing phase.

By 6.05.19 all participants (except ESAB) require to provide following samples:

1. 1 regular spool of flux cored E71T1 wire 1,2mm diam
2. 1 regular spool of ER70S-6 solid wire 1,0mm diam
3. 1 regular pack of basic E7018 electrodes 3,2mm diam

**All samples should be identical to the materials offered for the tender!**

We strongly recommend participants to provide correct working procedures and equipment settings with each sample to ensure fair comparison.

#### 20.05.19-31.05.19 Negotiations phase.

Meetings will be held with the most likely winners to iron out details of an agreement. By 20.05.19 we expect each participant to announce who will be the person to represent them in negotiations. Negotiations can be held in person, by phone, e-mail, or through web-conference.

**Please let us know preferable method and allocate dates for personal meetings in advance!**

We'd like to see a draft of a contract to be ready at this stage. We expect our future supplier to take a burden of writing a main body of a contract and plan to engage our lawyers only to confirm existing agreement.

**Final decision will be announced on 31.05.19.**

**June 2019** Working on a contract, setting up welding procedures, ERP and documentation preparations.

**July 2019** First contractual deliveries.

### **Format of the agreement:**

Buyer (ELME) and Seller (winner of the tender) agree for the supply of welding materials for one year with an option to extend for 1 extra year if both parties agree. There are two categories of purchased products: contractual items, delivered according to agreed schedule with fixed quantities and dates and items ordered on-demand with prices fixed in pricelist, reviewed each year.

Contractual items are the subject of the tender with participant offering the lowest price getting advantage, though other factors will be considered, such as: brand recognition, logistics, quality and range of available materials, welding test results, outside distribution opportunities.

### **Contractual positions and yearly volumes:**

Flux cored wire E71T1 1,2mm regular spools	<b>550 tons</b>
Flux cored wire E81T1 1,2mm regular spools	<b>22 tons</b>
Solid wire ER70S-6 1,0mm regular spools	<b>50 tons</b>
Solid wire ER70S-6 1,2mm regular spools	<b>60 tons</b>
SAW wire EM12K 3,2mm regular spools	<b>7 tons</b>
SAW wire EM12K 4,0mm regular spools	<b>10 tons</b>
Flux for SAW EM12K wire 25kg vacuum bags	<b>25 tons</b>
Metal-cored wire E70C-6M 1,2mm regular spools	<b>12 tons</b>
Basic electrodes E7018-1 2,5mm	<b>3 tons</b>
Basic electrodes E7018-1 3,2mm	<b>28 tons</b>
Basic electrodes E7018-1 4,0mm	<b>12 tons</b>
Ceramic backing pipe 9,0mm	<b>6 tons</b>
Ceramic backing pipe 12,0mm	<b>3 tons</b>
Ceramic backing rectangular 13,00mm	<b>50 tons</b>

### **On-demand items and estimated yearly volumes:**

Flux cored wire E71T1 1,2mm 5kg spools	<b>10 tons</b>
Solid wire ER70S-6 1,0mm 5kg spools	<b>200 kg</b>
Solid wire ER70S-6 1,0mm 250kg spools	<b>5 tons</b>
Solid wire ER80S-Ni2 1,0mm regular spools	<b>200 kg</b>
SAW wire EM12K 2,0mm regular spools	<b>120 kg</b>
SAW wire EH12K 4,0mm regular spools	<b>8 tons</b>
Flux for SAW EH12K wire 25kg vacuum bags	<b>10 tons</b>

## **Certificates and approvals:**

### **Approvals:**

DNV, ABS, RMS, TÜV

### **Certificates:**

Inspection Certificate 3.1 acc to EN 10204 Chemical analysis + 2.2 Mechanical properties (provided with each delivery printed or by email together with invoice and transportation documents)

CE-declaration of conformity, Certificate of Origin, Safety Data Sheet (accessible via site or other means)

## **Conditions of the agreement:**

### **Obligatory:**

1. Prices offered should cover all incurred costs including transportation and custom clearance charges – no additional charges expected. As per Incoterms, this should correspond to DDP.
2. All prices are fixed for one year, both contractual and on-demand items. Exceptions can be made for stainless steel products with floating alloy surcharges (pricelist to be updated every month for this kind of products)
3. We require transportation to both Tallinn (Kopli 103) and Klaipeda (Minijos g. 180)
4. Failure to deliver contractual items in full volume and by the agreed date results in penalty of 0,5% for each day of delay or until full volume is delivered. (Count starts after the day 3, only working days counted). If supplier knows about upcoming problems and informs in advance, different solutions can be found.
5. Delivery time for items from on-demand list should not exceed 7 days from the date of the order. If item from on-demand list is not a stock item, we expect supplier to reserve minimal quantities to cover any immediate needs. If supplier unable or unwilling to meet this criteria we ask to notify us and reserve the right to look for alternatives.
6. No restrictions on minimal order size.
7. All deliveries to be invoiced by the 3<sup>rd</sup> day of actual delivery with transportation document (CMR) provided (for entities outside of Estonia)
8. Option to order extra quantities of contractual items at the same price. In this case sanctions for possible delays are not applied.
9. Distribution rights outside of BLRT Group in Baltic region Estonia, Latvia Lithuania (official distributor status is preferred). The bare minimum is a price parity with other regional distributors. Prices and conditions for distribution are the subject of separate negotiations and separate agreement, which will be worked on in due process.
10. Timely provision of fresh printed catalogs and other promotional materials.
11. Participation in technical audits, organization of masterclasses and courses for major client's employees.

**Negotiable:**

12. Option to cancel contractual deliveries with 4 weeks notice from scheduled delivery date with total volume of cancelled deliveries not exceeding 20% of total contractual volume for each item.
13. We expect supplier to provide full technical support on-site (responsible person should be appointed), especially during transition period. Financial burden of new WPS (5-6 procedures) for our main client Marketex Offshore to be shared or fully covered by prospective supplier. It's one of the reasons our main client may be averse to possible changes in materials, so any help to make transition smoother is appreciated.
14. Payment terms – at least 45 days.

Please send all enquiries regarding welding tender to:

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