

## INTERNATIONAL CONTRACT FOR SALE OF GOODS: 10 KEY CLAUSES

By definition, International Sales of Goods Contracts imply that the sellers and buyers are located in different countries. This presents an obvious potential for confusion, as most commercial law is country specific, reflecting national trade practices, values and public policy. However, some general advice is possible for several reasons.

In first place, there are many similarities among the different bodies of national contract law. Some national laws are consolidating into regional law, as seen in the European Union. There is an ever-increasing trend toward international standardization, such as ISO Standards, the Harmonized System, Incoterms and the [United Nations Convention on Contracts for International Sale of Goods \(CISG\)](#).

Since many countries allow their companies considerable freedom of contract, well-managed companies must have a good [International Sales of Goods Contract template](#), adapted to their characteristics and taking into account whether it is for the sale (export) or for the purchase (import) of goods in foreign markets.

The 10 clauses that, at least, have to be included in a good international sales contract are summarized below.

### PRODUCT

The contract goods should be specified at least to the degree that they can be identified. Naturally, greater precision describing them reduces the potential for misunderstanding. If the product is very complex (for example, machinery), a detailed description can be made in an annex of the contract.

### QUANTITY

In most cases, a quantity can be expressed in actual terms (units, kilos, etc.) When this cannot be done at the time of contract is drafted, a quantity range should be established. Some industries work with generally accepted commercial tolerances. Also, letters of credit can structures to provide plus-or-minus 10% tolerances by using the word “about”.

### DELIVERY

The time and place of delivery should be established as clearly as possible. [Incoterms Rules](#) published by the International Chamber of Commerce provide an excellent reference point as they are widely used throughout the world, allocate major tasks between seller and buyer, and indicate the point where seller responsibility for the condition of contract goods ends.

When delivery takes place on the seller's side and the seller arranges main carriage transport – as with the “main carriage paid” – as happens in many Incoterms (CIF, DAP or DDP) – the mode of transport should be specified as it affects the time and place the goods the goods actually become physically available to the buyer.

## **PRICE**

Depending on the nature of the product and the degree of precision that can be applied to quantity and delivery, the price may or may not be expressed in fixed terms. In situations where the price depends on other factors, all such factors and their relationship to the price should be clearly recited so as to leave no doubt. Any applicable currency should be specified.

It is often useful to separately itemize the price charged for the goods and the price of any seller supplied non product services such as insurance and freight. There are two reasons for this. First, doing so reinforces the chosen delivery term (Incoterms) by clearly indicating what is and is not indicated in the total selling price; second, countries differ in their treatment on non-product charges for ad valorem duty valuation purposes.

## **PAYMENT TERMS**

How, when, where and in what currency is the buyer to pay for the contract goods? If other than money, as in countertrade, is a separate contract to be referenced?

## **TRANSFER OF OWNERSHIP**

This should be specified in the sales contract, except for vessel shipments made under a negotiable marine bill of lading where both ownership and possession rights reside in the original shipment document.

The most used text is the following:

"Seller and buyer agree that ownership of the contract goods will pass to the buyer upon payment of the price to the seller".

Depending on the payment terms, this clause could imply a retention of title situation that would require compliance with the formalities in the buyer's country.

## **INSURANCE**

If any Incoterm other than CIF or CIP is used, the parties should determine outside of the Incoterms who is responsible for providing insurance cover. Be sure to address this question of insurable interest. With CIP or CIF, the seller is required to insure, but the level of coverage should be determined outside the Incoterm if minimum cover (free of particular average or London Institute “C” Clauses) is inadequate.

## GOVERNMENT REQUIREMENTS

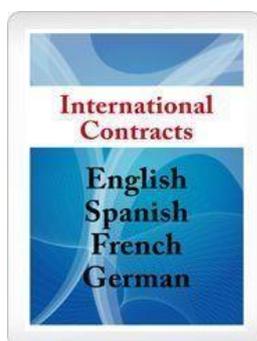
Before drafting the contract, the following questions have to be asked: Is the pre-shipment inspection required? Does the Administration of the buyer's country impose additional requirements that the seller must formalize (such as obtaining certain customs documents)? The Administration of the seller's country imposes requirements to be formalized by the buyer (such as obtaining an export license)?

## DISPUTE RESOLUTION

If dispute arises, how should they be solved? Litigation is by no means the only route, nor is it necessarily the best one. Arbitration is an attractive alternative that allows the parties a greater say in how their case is judged. Ms arbitrations take place under the auspices of an arbitration institution offering a pre-established set of rules to govern the procedure. One of the more experienced with a worldwide outreach id the [ICC International Court of Arbitration](#).

## APPLICABLE LAW

Sellers and buyers are generally free to decide upon the body of law that applies to their international sales contracts. Choice of law can present a sticky negotiation point, since each party is normally familiar with and thereby biased towards its own national law. As the name implies, The United Nations developed its Convention on Contracts for the International sale of Goods (CISG) to cover these situations. The CISG automatically applies whenever both seller and buyer are domiciled in countries that have adopted the Convention. Should such parties prefer to use another body of law, they may do so by specifying this in the sales contract.



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To obtain the Model of International Sale Contract in different languages click in:

- [International Sale Contract \(English\)](#)
- [International Sale Contract \(Spanish\)](#)
- [International Sale Contract \(French\)](#)
- [International Sale Contract \(German\)](#)
- [International Sale Contract \(Portuguese\)](#)
- [International Sale Contract \(Italian\)](#)

# INTERNATIONAL CONTRACTS TEMPLATES



## INTERNATIONAL CONTRACTS IN ENGLISH

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Strategic Alliance Agreement
- International Franchise Contract
- International Services Contract
- International Consulting Contract
- International Technology Transfer Agreement
- International Trademark License Agreement
- International Supply Contract
- International Manufacturing Contract
- International Buying Agent Contract
- Logistics Services Contract
- Export Contract
- Confidentiality Agreement
- Expatriate Contract of Employment
- Memorandum Understanding International distribution
- Memorandum of Understanding for Joint Venture
- **Pack 10 Contracts in English**
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## INTERNATIONAL CONTRACTS IN SPANISH

- Contrato de Compraventa Internacional
- Contrato de Distribución Internacional
- Contrato de Agencia Comercial Internacional
- Contrato de Representación Comercial Internacional
- Contrato de Intermediación Comercial Internacional
- Contrato de Joint Venture Internacional
- Contrato de Alianza Estratégica Internacional
- Contrato de Franquicia Internacional
- Contrato Internacional de Servicios
- Contrato Internacional de Consultoría
- Contrato Internacional de Transferencia de Tecnología
- Contrato Internacional de Licencia de Marca
- Contrato Internacional de Suministro
- Contrato Internacional de Fabricación
- Contrato de Agente de Compras Internacional
- Contrato de Servicios Logísticos
- Contrato de Exportación
- Contrato de Confidencialidad
- Contrato de Trabajo para Expatriado
- Memorándum Entendimiento Distribución Internacional
- Memorándum de Entendimiento para Joint Venture
- **Pack 10 Contratos en Español**
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## INTERNATIONAL CONTRACTS IN FRENCH

- Contrat de Vente Internationale
- Contrat de Distribution Internationale
- Contrat d'Agent Commercial International
- Contrat de Représentation Commerciale Internationale
- Contrat de Joint Venture Internationale
- Contrat de Franchise Internationale
- Contrat International de Services
- Contrat International d'Approvisionnement
- Contrat International de Fabrication
- Contrat de Confidentialité
- Protocole d'Accord pour Distribution Internationale
- Protocole d'Accord pour Joint Venture Internationale
- **Pack Tous les Contrats en Français**



## INTERNATIONAL CONTRACTS IN GERMAN

- Internationaler Kaufvertrag
- Internationaler Vertriebsvertrag
- Internationaler Handelsvertretervertrag
- Internationaler Vertretungsvertrag
- Internationaler Joint Venture Vertrag
- Internationaler Franchisevertrag
- Internationaler Dienstleistungsvertrag
- Internationaler Liefervertrag
- Internationaler Herstellungsvertrag
- Geheimhaltungsvereinbarung
- Absichserklärung Internationalen Vertriebsvertrag
- Absichserklärung Joint Venture
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