

## WHAT IS A MEMORANDUM OF UNDERSTANDING?

A MEMORANDUM OF UNDERSTANDING between companies is a document like a contract but not binding on the parties, except when confidentiality and non-competition agreements are included. It is essentially a collection of key points of an agreement between two parties that are negotiating a contract; in this respect a Memorandum of Understanding is simply the agreement signed prior to the final contract. Memorandums of Understanding are also known for its acronym MOU.

### **Main purposes of a Memoradum of Understanding**

Thus, among the purposes of Memorandum of Understanding we can include:

- The statement that the parties are currently negotiating.
- Clarifying the key points of an operation for the convenience of the parties.
- Assess the interest of the other party to carry out the business.
- Collect the advances that occur in each of the negotiations.
- Provides guarantees if the deal collapses during negotiation.

The type of Memorandum more used in international negotiations are those related to Distribution and Joint Venture Contracts. You can find models of these Memorandums en the following links:

- [Memorandum of Understanding for Distribution Contract.](#)
- [Memoradum of Understanding for Joint Venture Contract.](#)

### **Biding on parties**

In certain complex transactions, the parties may wish to come to a preliminary agreement, sometimes called an "agreement to agree", which may or not be enforceable, depending on the circumstances and applicable law. Such an agreement may take the form of "Memoradum of Understanding" -also called Letter of Intent or Commitment Letter-. The preliminary agreement may be necessary when a certain major issue (such as obtaining a government authorization) is not yet definitive.

Another function of the Memorandum of Understanding is that the parties will use the preliminary agreement to resolve certain basic issues, while continuing to negotiate on more complicated matters.

## Differences between Memorandum of Understanding and Letter of Intent

The Memorandum of Understanding is similar to the Letter of Intent, although has three main differences:

- Use a more formal language similar to the preceding contract, i.e are a summary of the agreement signed before the final agreement.
- May involve more than two parties, while Letters of Intent refers only to two parties.
- Must be signed by all parties, while the Letter of Intent is signed only by the party that propose the agreement.

## Memorandum for negotiations in China

It is very common to use Memorandum of Understanding in negotiations with Chinese companies. Because these negotiations are very long and complex and, on the other hand, Chinese negotiators often use the technique of continuously modify the terms agreed, at the end of each meeting a Memorandum of Understanding should be drafted setting out the progress and the points on which agreement has been reached. The Memorandum should be signed by both parties and include a confidentiality clause.

- [Memorandum of Understanding for Distribution Contract in China.](#)
- [Memorandum of Understanding for Joint Venture Contract in China.](#)

Another characteristic of the Memorandum of Understanding is that can resemble a written contract but usually not binding on the parties in their entirety. However, the majority of these agreements, contain provisions that are binding, such as non-disclosure and non-compete agreements.



To obtain models of International Contracts and Memorandum of Understanding in different languages click [here](#).

# 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
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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**
- **Pack Todos los Contratos en Español**



## 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
- **Pack Alle Verträge in Deutscher**

