

EXCLUSIVE DISTRIBUTION CONTRACT IN ARABIC



This Distribution Contract and Agreement in Arabic is used by those companies which hire under contract a Distributor for the promotion and sale of their products in Arab countries, such as Arabia or Emirates. The Contract includes all significant clauses for this type of contract such as: Appointment of the Distributor, duration of the Contract, obligations of the Distributor, supply of products, payment, confidentiality, Governing Law, etc. The [Exclusive Distribution Contract in Arabic](#) is drawn up in English and Arabic (bilingual version). Together with the contract, a *Guide to Contract Negotiation in Arab Countries* is furnished.

EXCLUSIVE DISTRIBUTION CONTRACT

عقد توزيع حصري

This Contract is made this on the [INSERT DATE]

تم إبرام هذه الاتفاقية بتاريخ [إدخال التاريخ]

BETWEEN:

بين:

1. [INSERT NAME OF COMPANY], a company registered in [INSERT ADDRESS AND COUNTRY] under Registration no. [INSERT NUMBER] issued on [INSERT DATE] and represented by Mr. [INSERT FULL NAME], as [INSERT TITLE] holding passport no [INSERT], (hereinafter referred as the "Principal");

1. [إدخال اسم الشركة] وهي شركة مسجلة في [إدخال العنوان واسم الدولة] بموجب رقم التسجيل [إدخال الرقم] الصادر بتاريخ [إدخال التاريخ] و يمثلها السيد [إدخال الاسم الكامل]، حامل جواز السفر رقم [إدخال]، (ويشار إليها فيما يلي باسم "الموكل")؛

And

و

2. [INSERT NAME OF COMPANY], a company registered in [INSERT ADDRESS AND COUNTRY] under Registration no. [INSERT NUMBER] issued on [INSERT DATE] and represented by Mr. [INSERT FULL NAME], as [INSERT TITLE] holding passport no [INSERT], (hereinafter referred the "Distributor")

2. [إدخال اسم الشركة] وهي شركة مسجلة في [إدخال العنوان واسم الدولة] بموجب رقم التسجيل [إدخال الرقم] الصادر بتاريخ [إدخال التاريخ] و يمثلها السيد [إدخال الاسم الكامل]، حامل جواز السفر رقم [إدخال]، (ويشار إليها فيما يلي باسم "الموزع")

WHEREAS:

حيث أن:

1. The Principal is in the business of *manufacturing / supplying* _____ (the "Products") and wishes to appoint a distributor in [INSERT REGION/S OR COUNTRY/IES] (the "Territory"); and

1. الموكل في أعمال صناعة / توريد _____ ("المنتجات") و يرغب في تعيين موزع في [إدخال المنطقة/المناطق أو الدولة/الدول] ("الإقليم")؛ و

2. The Distributor has significant marketing experience in the Territory and wishes to act as the distributor for the Products of the Principal in the Territory.
2. لدى الموزع خبرة تسويقية مميزة في الإقليم ويرغب في العمل كموزع لمنتجات الموكل في الإقليم.

NOW IT IS HEREBY AGREED AS FOLLOWS:

وعليه تم الاتفاق في هذه الاتفاقية على ما يلي:

1. APPOINTMENT OF THE DISTRIBUTOR

1. تعيين الموزع

The Principal hereby appoints the Distributor as its exclusive distributor for the Products in the Territory, and the Distributor accepts such appointment, subject to the terms and conditions of this Contract.

يعين الموكل بموجب هذه الاتفاقية الموزع كموزع حصري بما يتعلق بمنتجاته في الإقليم، و يقبل الموزع بهذا التعيين، وفق شروط و أحكام هذه الإتفاقية.

2. DURATION OF THE CONTRACT

2. مدة هذه الإتفاقية

This Contract shall come into force on the [INSERT DATE] and is for an indefinite period subject to termination by either party in accordance with Clause 18 (the "Term").

يجب أن تبدأ هذه الإتفاقية في [إدخال التاريخ] و تستمر لمدة غير محددة و يمكن إنهاؤها من قبل أي من أطرافها وفقاً للبند "18" ("المدة")

OR

أو

This Contract shall come into force on the [INSERT DATE] and is for a fixed period of [INSERT] months/years subject to earlier termination by either party in accordance with Clause 18 (the "Term").

يجب أن تبدأ هذه الاتفاقية في [إدخال التاريخ] و تستمر لمدة محددة من [إدخال] شهراً / سنة و يمكن اقتصار مدتها من قبل أي من أطرافها وفقاً للبند "18" ("المدة")

3. OBLIGATIONS OF THE DISTRIBUTOR

3. موجبات الموزع

- 3.1. The Distributor shall perform its obligations under this Contract in good faith and shall use its best endeavours to promote, develop and increase the sales of the Products in the Territory.

- 1.3 يجب أن يؤدي الموزع التزاماته بموجب هذه الاتفاقية بحسن نية و يجب أن يبذل أقصى جهوده لترويج و تطوير و زيادة مبيعات المنتجات في الإقليم.

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This is a sample of the Exclusive Distribution Contract for Arab Countries
To get more information about this contract click here:

[EXCLUSIVE DISTRIBUTION CONTRACT IN ARABIC AND ENGLISH](#)

A GUIDE TO CONTRACT NEGOTIATION IN ARAB COUNTRIES

ARAB COUNTRIES: TWO MAJOR GEOGRAPHICAL AREAS

Arab countries constitute a diverse region as regards geography, ethnicity, religion, as well as cultural practices and business etiquette. The diversity of the Arab world entails that further examination of certain ways of doing business in each country is necessary, in order to take advantage of the available opportunities offered to foreign negotiators. One of the aspects which one must understand is the specificities that Arabs have insofar as the negotiation and signature of contracts with foreign companies are concerned.

The Arab world is very vast. It is made up of approximately twenty countries, quite a few of these countries former British and French colonies. Based on this colonial past and geographical location, Arab countries may be divided into two major groups:

- **Middle Eastern countries:** these are located in the Arabian Peninsula and neighbouring areas. Several of these countries are part of the Gulf Cooperation Council. Due to British influence and tradition, the types of contracts are based on Anglo-Saxon law (*Common Law*) which is flexible in its interpretation of conflict resolution. Some of these countries are: Saudi Arabia, Egypt, the United Arab Emirates, Jordan or, Kuwait.
- **North African countries:** are those countries which are located in the region called the Maghreb (also known as Northwest Africa). Former French colonies, its legal system for the purposes of contractual practices, is based on the so-called Continental European law (*Civil law*) which leaves less leeway in the interpretation of contractual clauses than Anglo-Saxon law.

WASTA: INTRODUCTION THROUGH PERSONAL CONTACTS OR INTERMEDIARIES

Business culture in Arab countries is based in a system commonly known as *wasta*, *Wasta* follows that well-known Western maxim of, "It's not what you know but who you know". In the Arab world this is a widely exploited system and it is viewed as neither shameful nor underhand, but simply as part of the normal course of business and daily life. If you have high-powered contacts or friends in the right places you are likely to find that bureaucracy and business run in a much smoother fashion. A system of borrowed and returned favours is also prevalent. If you are asked a favour by a business partner, endeavour to fulfil it or at least give the semblance that you have tried your best. Never refuse outright to do something when it is clearly a case of *wasta*. Even if you are not able to get your contact what he/she needs or wants, your effort and enthusiasm will be remembered, appreciated, and surely repaid in time.

TRUST IS THE KEY IN THE ARAB BUSINESS WORLD

Although this is changing as Arab countries gain more exposure to Western business practices, for many Arabs there is no separation between personal and professional lives, and as such, a potential business partner must also be considered a potential friend.

It is imperative to organise a face to face meeting as the ability to build trust is greatly increased in this environment. An Arab businessman/woman will want to engage in small talk on a personal level before the purpose of the visit or meeting is even brought up. This is all part of a desire to understand you on a personal, friendly level, before discussing business.

Small talk is incredibly important in establishing friendly business relations. You must be ready to answer questions about your travel, your home, your experience of the country you have travelled to, your health, and the health of your family. It is a good idea to have a few anecdotes or stories ready to entertain with, and to ask all the questions back to your acquaintance. Be aware that it is usual and expected to ask after the health of an Arab's family, and perhaps some general questions about his/her children, but avoid asking specifically after female members of the family, as this can cause offence in more conservative societies.

BUSINESS MEETINGS IN THE ARAB WORLD

Although this will vary from country to country and indeed business to business, organisation in the Arab countries can tend to be more last-minute than in other parts of the world where at least initial meetings must be booked weeks if not a month in advance. Try not to organise a meeting too far in advance, and be sure to confirm the meeting by telephone a few days beforehand.

The first thing to note when getting into the nitty-gritty of meetings in the Arab world is that the concept of punctuality can be very different. Do not be surprised if your counterpart is up to half an hour late, sometimes longer. Time moves in a different, more relaxed fashion and it is easier to go with the flow than to get frustrated. Having said that, it is advisable that you as the visitor show up on time as a sign of respect to your host.

Meetings tend to be structured very differently in the Arab world. You may expect a much more circular structure as opposed to the rigidly linear tendencies of most Western business practices. Agendas are likely to be lacking. After the customary five minutes of small talk, the point of business will be brought up and discussed, most likely with the most senior businessman in the room leading and directing the discussion.

NEGOTIATIONS WITH ONE'S ARAB BUSINESS PARTNER: PRICE IS THE KEY ELEMENT

It is crucial to remember that Arab companies were and in many respects still remain traditional trading companies and that it is therefore customary to expect an Arab entrepreneur to attempt to obtain the best price in any negotiation. The Arab negotiator, following an arduous and lengthy negotiation process, if he is not convinced that he has obtained the best price, will not conclude an agreement.

For this reason, in the initial offers, foreign companies have to submit terms and conditions and prices which can, to all intents and purposes, be considerably bettered over the course of the negotiation process. For Arabs,

business cordiality -a very important aspect of doing business- consists in the seller slowly bettering the price until he convinces the purchaser that he has reached his limit. A process similar to that of a purchase of any product by a tourist in an Arab souk.

SLOW PACE IN NEGOTIATION PROCESSES

In the Arab world, the pace of negotiations is often much slower than in the Western world: one must be patient and not attempt to rush the other party in order to conclude an agreement. The same patience is crucial when it comes to bureaucracy and paperwork which is prevalent in the vast majority of Arab countries. The time and effort required in obtaining visas, import licences, permits and other necessary documents can be demoralising, but one must be aware of this fact and not “throw in the towel”.

AVOID CONFRONTATION

One of the most important things to remember when doing business in these countries is that many Arabs find it extremely shameful to be seen to lose face in public at any point. Try not to directly disagree with or contradict anyone during the meeting. Telling someone you think he/she is wrong is a sure way of causing them to lose face, meaning no business deal for you. Instead, try subtle indicators of disagreement, using phrases such as, “In order to move forward I think it may be better to...”, or, “In my experience such and such has been more effective, so perhaps that would be worth considering.”

NON-VERBAL COMMUNICATION

Body language takes on even more importance in the Arab context, then, since public disagreement is so risky. Be on the lookout for all the usual signs of positive and negative reactions through body language, and know that this may well be a better indicator of a person’s opinion than what his speech suggests.

Also remember in the realm of body language that pointing and the thumbs up sign are considered rude in many Arab cultures, as is crossing your legs when sitting and displaying the sole of your shoe to someone.

A note here on personal space in the Arab world is necessary. Arabs often give you much less personal space than is usual in the West, and as such will stand or sit much closer to you, touch you more, and perhaps even take your hand when leading you somewhere. This, although very unusual from a Western viewpoint, is simply a cultural difference.

RELIGIOUS CONSIDERATIONS WHEN TRANSACTING BUSINESS IN ARAB COUNTRIES

An aspect which must be made clear when transacting business in Arab countries is that culture and religion are inextricably linked. Religion is a constant influence which has very significant implications on the way of doing business; hence the importance for the foreign negotiator of understanding the Islamic religion and upholding its principles, that has a considerable influence on Arab business etiquette and culture.

Muslims are obliged to pray 5 times a day, and prayer times are announced by the call to prayer which sounds from local mosques as well as being printed in daily newspapers. The rough timings of the 5 prayers are as follows:

1. Al-Fajr – Dawn, before sunrise
2. Al-Zuhr – Midday, after the sun has reached its highest point in the sky
3. Al-'Asr – Late afternoon
4. Al-Maghrib – Just after sunset
5. Al-'Isha – Between sunset and midnight

Not all Muslims will go to the mosque to pray, many preferring to pray at home or in the office. Be aware that there will be separate prayer rooms for men and women in offices. It is a good idea to take prayer times into consideration when scheduling meetings. Muslims are forbidden from consuming both pork and alcohol, and as such these products are difficult to find in many Middle Eastern countries, and illegal in others.

APPLICATION OF DOMESTIC LEGISLATION: AGENCY AND DISTRIBUTION CONTRACTS

Although Arab domestic legislation as regards commercial law are comparable to that of Western countries for certain countries, Saudi Arabia and the United Arab Emirates, among others, protect their citizens and companies when transacting business with foreign companies.

For example, in agency and distribution contracts with foreign companies, there are three applicable requirements:

- That the agent or distributor, if he is a natural person, is a citizen of the country, and if the agent or distributor is a company, the capital thereof is under the ownership of, at least 51% of the nationals of the country.
- That the agent or distributor holds a current business licence and that said licence is duly registered with the Ministry of Economy.
- That said contracts include an exclusivity clause and, in the event that there is no mention thereof in the contract, local legislation shall assume the existence thereof.

CONFLICT RESOLUTION ARBITRATION

Barring Egypt, no Arab country is a signatory member of the Vienna Convention on Contracts for the International Sales of Goods (CISG), wherein supranational legislation in order to resolve import and export operations disputes between member country companies is stipulated.

This fact, together with the perception of lack of legal certainty by Foreign companies as regards to the judicial systems of certain Arab countries, have resulted in the fact that commercial dispute resolution between Arab and Western companies are generally submitted to international arbitration, preferably in a third country.

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**
- **Pack All Contracts in English**



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**

