

KEY CLAUSES IN THE INTERNATIONAL SALE CONTRACT

The International Sale Contract is the most used among those governing trade relations between companies in different countries. This agreement sets out the rights and obligations of the parties (exporter-seller and importer-buyers) and the remedies for breach.

This contract is greatly influenced by the [United Convention on Contracts for the International Sale of Goods](#) (CISG), widely accepted by lawyers of different traditions and backgrounds. It articulates practical requirements arising from commercial practice with the general rules of CISG. Besides CISG, other sources of uniform contract law used in drafting this contract are the following: [Uniform Law on the International Sale of Goods](#) (ULIS), [UNIDROIT Principles of International Commercial Contracts](#) and the [Principles of European Contract Law](#).

Multinational companies usually have their own specific international sale contracts as well as General Conditions of Sale and Purchase. On the contrary, small and medium size companies tend to use general forms or model contracts templates and for that reason it is important to negotiate and draft the most important clauses.

Below, we select and describe the 10 key clauses of an international sales contract:

Description of goods

This clause is one of the central clauses in a sale contract. As a general rule, the buyer will prefer more precise and detailed descriptions than the seller. If the goods are not described precisely enough, the buyer may have no recourse should the seller deliver goods which technically meet the contract description but are unsatisfactory for the buyer's commercial purposes. On the other hand, exporters would like to define the goods precisely when they are sure of delivering exactly those goods. In other commercial situations, however, it may be practical to foresee and permit slight deviations from the contract description; for example, in statements of colors or dimensions, are not necessary to precisely identify the goods, and they should not be included in the product's description.

Contract price

The parties shall indicate clearly the contract currency and the price amount in both figures and words. Should the parties fail to agree on a price in the contract, a provision explaining the method for determining the price should be included in the contract.

Delivery Terms

It is advisable to use Incoterms 2010 published by the International Chamber of Commerce as "delivery terms" or "shipping terms". Incoterms rules allocate the following between seller and buyer:

- International transport and administrative costs.
- The point of transfer and risk of the goods.
- Responsibility for customs and payment of import duties
- Responsibility for obtaining insurance coverage.

When using Incoterms, it is necessary to describe precisely the place and within that place the exact point of delivery. Additional specifications may also be necessary to specify such as the amount of the extent of insurance coverage and any necessary limitations on suitable transport. Further information about the use of Incoterms can be founded in [The Practical Guide to Incoterms](#).

Time of delivery

In the contract, the parties should indicate a specific date for delivery (e.g., october 24, 2013) or a period (e.g, november 2013).

Payment conditions

The contract should permit the use of all international payment modes, including at least: payment in advance, open account, documentary collection and documentary credit (also known as letter of credit).

Documents

Exporters are well advise to be meticulous in their management of export documentation, especially when the payment method is letter of credit. The parties should include a clause with a list of documents most commonly required for seller in international sales contracts.

Inspection of goods by the buyer

The parties should indicate whether they agree to inspection "before shipment" (also known as pre-shipment inspection or PSI); the parties may indicate the place of inspection as well as other details such as inspection company. The inspection require the seller to notify the buyer of the availability of the goods for inspection.

Retention of title

The retention of title (RoT) clause is a common one in international trade. It provides that the seller retains ownership of the goods until the full purchase price is paid and also that the seller may reclaim the goods if the price is not paid. There are several variations of RoT clause, but two major types can be distinguished: (1) the simple RoT clause, under which the seller retains title until price is paid, and (2) the extended clause, under which the seller seeks to extend its title to include: the proceeds from any sale of goods and any other indebtedness owed to the seller by buyer.

Force Majeure

It is common for international trade contracts to be made subject to force majeure or "hardship" clauses that excuse the parties from performance when their failure is due to impediments beyond their control or which were reasonably unforeseeable such as the outbreak of a war, earthquake or hurricane.

Resolution of Disputes

The parties should have the alternative between arbitration and litigation. In the event the parties opt for arbitration should specify the place of arbitration and the language. If the parties opt for litigation as the required mode of dispute resolution, the parties should designate the national or municipal courts in which lawsuits are to be filed.



To obtain the International Sale Contract model, click [here](#).

CONTRACTS FOR THE INTERNATIONAL COMPANY

INTERNATIONAL CONTRACTS (ENGLISH, SPANISH, FRENCH & GERMAN)

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Franchise Contract
- International Services Agreement
- International Consulting Agreement
- International License Contract
- International Supply Contract
- International Manufacturing Contract
- Expatriate Contract of Employment
- Pack 5 International Contracts English (Basic)
- Pack 12 International Contracts English (Premium)

COMMERCIAL CONTRACTS (ENGLISH, SPANISH, FRENCH & GERMAN)

- Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Commission Contract
- Joint Venture Contract
- Services Contract
- Consulting Contract
- Technology Transfer Agreement
- Franchise Contract
- Supply Contract
- Manufacturing Contract
- Confidentiality Agreement
- Pack 5 Commercial Contract English (Basic)
- Pack 12 Commercial Contracts English (Premium)

CHINA CONTRACTS (ENGLISH-CHINESE DUAL VERSION)

- Distribution Contract China
- Agency Contract China
- Commission Contract China
- Supply Contract China
- OEM Manufacturing Contract China
- Confidentiality Contract China
- Memorandum of Understanding for Distribution Contract China
- Memorandum of Understanding for Joint Venture China

CONTRACTUAL LETTERS

- Letter Enclosing Contract for Signature
- Letter Proposing Amendments to Contract
- Letter Proposing Variation of Contract
- Letter Terminating Contract on Breach
- Letter Terminating Contract on Notice
- Letter Terminating Contract on Breach
- Pack 5 Contractual Letters

LETTERS OF INTENTS

- Letter of Intent for International Sale
- Letter of Intent for International Distribution
- Letter of Intent for International Joint Venture
- Pack 3 Letters of Intent