

KEY ELEMENTS OF AN INTERNATIONAL COMMERCIAL CONTRACT

When undertaking a commercial transaction, it is prudent to prepare an appropriate contract, especially if the deal is of significant value, and the arrangement involves parties from different jurisdictions. A contract makes sense for several reasons, including:

01 Clarity

helps to clearly define the terms of the transaction, including obligations, expectations, and responsibilities of each party.

02 Legal protection

provides a legal basis for enforcement if either party breaches the terms.

03 Evidence

serves as evidence of an agreement and can be used in the event of a dispute.

04 Builds trust

demonstrates a level of commitment and accountability, which can help build trust between the parties involved.

05 Facilitates negotiation

provides a framework for negotiation and can help parties reach a mutually beneficial agreement.

06 Provides certainty

provides certainty and stability, reducing the risk of misunderstandings or disputes arising from the transaction.

When drafting an international contract, it is advisable to seek legal advice. But below are key elements that ought to be reflected in such a document:

01 Identification of the parties

The contract should clearly identify the parties involved in the transaction, including their names, addresses, and contact information.

02 Description of the goods or services

It must contain a clear description of the goods or services being sold, including any specifications and quantities.

03 Price and payment terms

The price of the goods or services, including any discounts, and the terms of payment (such as the currency, method of payment, and payment schedule) must be specified.

04 Delivery and shipment

The terms of delivery and shipment, including the place of delivery, the mode of transportation, and any relevant deadlines or timeframes should be included.

05 Inspection and acceptance

It may be useful to specify the terms of inspection and acceptance of the goods or services, including the inspection criteria and the procedures for acceptance or rejection.

06 Warranties and guarantees

There is often an expectation that a contract specifies any warranties or guarantees provided by the parties, such as warranties on the quality or performance of the goods or services, and the procedures for making claims under these warranties or guarantees.

07 Intellectual property rights

There must be a provision on intellectual property, especially if rights are being transferred or licensed, and the terms and conditions of such transfer or license.

08 Dispute resolution

It would benefit both parties if procedures for resolving disputes are articulated in the contract.
