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Written by International Contracts Staff

The purpose of an international distribution contract is to establish one or more sales points within a geographical area in a foreign country from which goods and services can be offered to a specific clientele.

This type of contract enables suppliers -i.e. manufacturers of different products- to benefit from existing commercial facilities and to select their trading partners. This commercial contract model also has the advantage of enabling suppliers to impose sales methods and practices associated with their products or brands.

The international distribution contract is a framework agreement, which means that it establishes general obligations for each of the parties over a lengthy period and is supplemented by general conditions of sales which are often annexed to the contract in order to specify the products and/or services in question, prices, delivery arrangements, etc.

There are different models of international distribution contracts made by different companies and organizations whose purpose is to ease the negotiation and agreement between suppliers and distributors. In the website of [International Contracts] you can find a model, balanced and according to the regulations governing product distribution in some countries, especially in the European Union.

Below are mentioned and explained briefly the main clauses of the international distribution contracts.

Products and Territory	Specify, in Annexes if necessary, the precise

	definition of the territory and the supplier's product range to be distributed
Obligations of the Distributor	Establish the Distributor will take care of distribution in its own name and for its own account. If necessary establish a system of direc sales commissions
Distribution exclusivity	Mention the commitment or not, to grant the exclusive distributor for the sale of the product in the territory
Commitment not to compete	Specify the prohibition on sales of competing products and the dealer's obligation to give pric notice of the sale of other products
Sales Conditions	Establish, usually in an Annex, the terms of sal and the prices of the products
Resale prices	Declare that the Distributor is free to fix resal prices, but always respecting the product image
Commitment to inform the Distributor	On the local market situation, regulations, competitors, new products, etc.
Sales objectives	Indicate how to set objectives and establish penalties for non-compliance
Distribution network	Define the obligations with respect to sales staf after-sales service, etc.
Sales outside the Territory	Specify the conditions for advertising and sellin products outside the territory, especially in contracts for the European Union
Advertising activities	Mention the need for prior agreement on the advertising budget and cost sharing
Intellectual property	Set the limits of the right of use of the brands the Distributor and the prohibition for assignmen and registration on his name
Stocks	Remember the obligation of the Distributor to maintain a sufficient stock of products and the obligations for post-sales service
Term of the Contract	Mention whether the contract has a duration (1, 3 5 years) or indefinite, and set the notice perio
Early termination	Specify the conditions that justify early termination of the contract and situations that a considered non-compliance
Compensation for termination of the Contract	Determine if the Distributor is entitled to compensation for customers in the event of early termination
Arbitration	It is advisable the alternative of arbitration. O for the "General Principles of Law" rather than l local country laws

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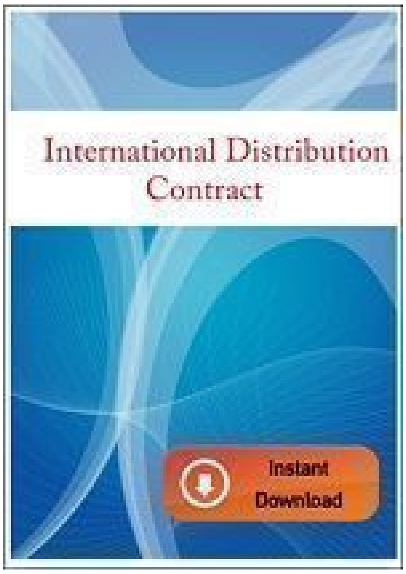

To obtain the International Distribution Contract, click here.