



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.

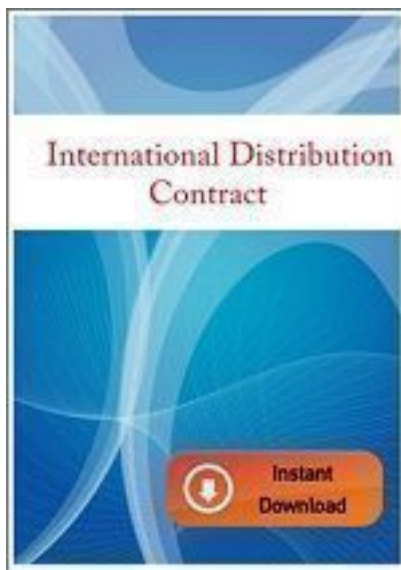
<b>Products and Territory</b>	Specify, in Annexes if necessary, the precise
-------------------------------	---

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

## Blog

Created on Thursday, 16 May 2013 13:29  
Written by International Contracts Staff

---



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