

SAMPLE OF DISTRIBUTION CONTRACT

5. SALES OUTSIDE THE TERRITORY

The Distributor hereby pledges not to procure clients, advertise, sell or keep stocks outside the Territory. The Distributor shall decline to sell any client located within the Territory when there is reason to believe that the Products may thereby be resold outside the Territory. The Supplier shall also decline to sell to any client located outside the Territory when there is reason to believe that the Products may thereby be resold within the Territory.

6. COMMITMENT NOT TO COMPETE

Alternative A. The Distributor shall not manufacture, distribute or represent any kind of product which may compete directly with the Products without previous authorization in writing from the Supplier **(1)**. To this end the Distributor declares that on the date of the signing of the present Contract, it acts as an agent or distributor for the companies and products detailed in the Annex 3 of this Contract. The commitment not to compete shall be upheld throughout the duration of the present Contract and for years after its completion.

Alternative B. For the duration of the present Contract the Distributor may manufacture, distribute or represent products similar to those of the Supplier, on condition that the Distributor informs the Supplier of such activity.

7. MINIMUM SALES TARGETS

Both parties may undertake annually to establish a minimum sales targets for the following year of Contract which shall be explicit in the Annex 4 of the present Contract.

Alternative A. Should the Distributor not have achieved the minimum sales targets on completion of the period in question, the Supplier shall be entitled to choose from the following options: (a) total rescission of the Contract; (b) withdrawal of the right to exclusivity, where such right has been established; (c) reduction of the size of the Territory. The Supplier shall inform the Distributor in writing of the decision to exercise this right within a period of months following the end of the year in which the minimum sales targets has not been achieved.

Alternative B. Should the sales targets not be met, the Contract shall not be considered null and void, except in cases of clear negligence by the Distributor.

8. COMMITMENT TO DELIVERY OF MINIMUM AMOUNT

The Supplier undertakes to deliver a consignment of Products whose magnitude corresponds to the minimum sales targets as established in the present Contract.

Alternative A. Should the Supplier renege on this commitment, the Distributor shall be entitled to declare the Contract null and void through written communication to the Supplier within a period of months following the end of the year in which the minimum consignment of Products has not been delivered.

Alternative B. Should the Supplier renege on this commitment, the Contract shall not be considered null and void, unless there is repeated refusal to deliver the orders placed by the Distributor, which shall be considered contrary to Good Will.

9. CONDITIONS OF SALE

The sale of Products shall be effected according to the general conditions of sale established in Annex 5 of the present Contract. The Supplier shall deliver the products to [mention the place: warehouse, port, airport, etc] of [town/city]. The Distributor agrees to comply, with the utmost care, with the terms of payment agreed between the Parties. It is agreed that the Products remain property of the Supplier until the Distributor has completed payment for the consignment.

10. PRICES AND DISCOUNTS

The prices of purchase and sales operations between the Supplier and the Distributor shall be established in [mention the currency].

Alternative A. The prices to be paid by the Distributor shall be explicit in the Annex 6 of the present Contract, and shall be effective for the duration of the same. However, the Supplier may freely change the prices of the Products, on condition that such changes are communicated in writing to the Distributor at least calendar days in advance.

This is a sample of 2 pages out of 12 of the **Distribution Contract**.

To get more information about this contract click here:

[DISTRIBUTION CONTRACT](#)