
Following the personal interview, write to the distributor/agent outlining all the important issues covered during the meeting and inviting comment on any discrepancies.

Negotiating the Contract

Often, companies approach business on an ad hoc basis, but later on decide that a contract would be useful for a long-term relationship. If the exporter chooses to conduct business without a contract, each quotation, purchase order and invoice must provide very clear and detailed information about the transaction.

There are not only two parties to each contract, but also two sides — the business side and the legal side. On the business side, the exporter and the agent/distributor should reach agreement on the objectives of the relationship and set them out in writing prior to negotiating and finalizing the contract. These preliminary documents can also serve as a work plan. Once there is agreement as to each party's responsibilities, legal advice should be sought to ensure that the following criteria are met in drafting a contractual agreement:

- the phraseology clearly and concisely sets out the objectives and each party's responsibilities in attaining them;
- the contract does not infringe the laws of either the exporter's or the agent/distributor's country; and
- the implications of the contract do not put either party at a disadvantage under the tax laws of either country.

The Essential Elements

In order to avoid any conflict, it is suggested that the contract cover the following issues:

- identification of the parties to the agreement;
- purpose of the agreement (one party agrees to appoint the other as an agent/distributor and the other agrees to act as agent/distributor, subject to the terms and conditions set out);