



INTERNATIONAL CONTRACTS: Terms of credit and debt collection

Bernard Colas, LL.D.
Colas Moreira Kazandjian Zikovsky, LLP
International Business and Trade Law

Credit Institute of Canada
Ottawa, June 15, 2011

Outline



1. Legal framework
 - ❑ Different national legal systems
 - ❑ Efforts to harmonize
2. International Contracts
 - ❑ Terms of payment
 - ❑ Debt collection
3. Conclusions

Different national legal systems



Efforts to harmonize

International sales of goods
International arbitration
Foreign judgments

Convention on Contracts for the International Sales of Goods (Vienna, 1980)

Légende: ■ Ratifié ■ Non ratifié



Convention on contracts for the International Sales of Goods (Vienna, 1980)

Formation of contracts

Obligation of parties (ex. payment)

Remedies

Payment

Damages

Resolution of contract

Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)

Légende: ■ Ratifié ■ Non ratifié



Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)

- International arbitration
- Recognition of arbitration clauses

Example of clause:

All disputes arising out of or in connection with the present contract shall be finally settled under the Rules of Arbitration of the ICC.

- Execution of arbitration awards

Convention on the Choice of Courts Agreements (Hague, 2005)

- Courts
- Recognition of clauses conferring jurisdiction

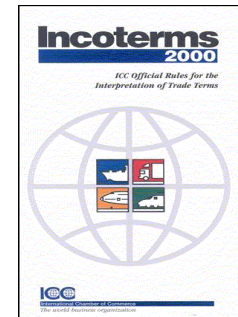
Example of clause:

Any dispute arising out of or in connection with the present contract shall be conferred to the jurisdiction of the Courts in the district of Ottawa.

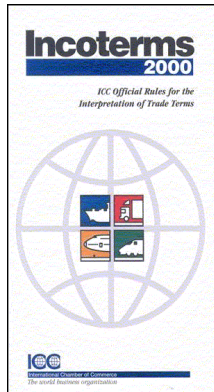
- Convention not yet in force

Main private agreements

- Unidroit Principles of International Commercial Contracts
- Incoterms 2010
- Uniform Customs and Practices for Documentary Credits



Referenced in contracts



FOB



L/C



To remember

- Different national legal systems
- Public efforts to harmonize
 - International sale of goods
 - Clauses and arbitration awards
 - Jurisdiction of Courts
- Private efforts to harmonize
 - Referenced in contracts

A background image showing two hands in business suits shaking over a glowing blue globe of the Earth. The globe is centered in the background, and the hands are positioned in the foreground, one on the left and one on the right, with fingers slightly curled as if in a firm handshake. The overall color palette is light blue and white, with the hands providing a natural skin tone contrast.

International contracts

Main provisions
Terms of payment
Debt collection

Main provisions

1. Parties

2. Governing law in contract

3. Scope of contract

4. Obligation of the parties

a. Delivery

b. Payment

5. Term and termination

6. Remedies available to the parties

1. Parties

■ Corporations

- Solvency
- Authority to bind the corporation
- Place of incorporation
- Place of business

■ Physical persons

- Solvency
- Domicile

4.b Terms of payment

- Terms of payment
 - Net 30 days
 - Documentary payment
 - Letter of credit (L/C)
- Guaranty
 - Bank guarantee
 - Insurance credit
- Reservation of title

6. Remedies available to the parties

- Require performance of obligations
- Claim damages
- Declare the contract avoided
 - Failure to perform amounts to a fundamental breach of contract
 - Within a reasonable time

Source: Vienna Convention

Arbitration



**Institutional
(ICC, AAA...)**

**Ad hoc
(Code of Civil
Procedure)**

**Execution of arbitral
awards**

Courts



**Designation of
Competent Courts**

**No dispute
resolution clause**

**Execution of
judgments**

↓
Court Competence:

- Domicile of the defendant
- Place where the damage occurred
- Pendency of case...

Conclusions

- Identify the parties
- Foresee specific payment clauses
- Coordinate with financial instruments and other clauses (i.e. delivery)
- Avoid any dispute especially for insurance credit (i.e. default in compliance)
- Foresee efficient remedies



For more information:

Bernard Colas, LL.D.

Colas Moreira Kazandjian Zikovsky, LLP
International Business and Trade Law

2020 University Street, Suite 1920
Montreal, Qc, H3A 2A5

Tel. (514) 288-2726, fax. (514) 813-3211

bcolas@cmkz.ca

www.cmkz.ca