



# FOREIGN ECONOMIC AGREEMENTS





# Basic regulations governing foreign economic agreements

- Economic Code of Ukraine
- The Civil Code of Ukraine
- Law "On Foreign Economic Activity" of April 16, 1991
- Law "On Private International Law" of June 23, 2005
- Law "On International Commercial Arbitration" of 24.02.1994
- UN Convention on Contracts for the International Sale of Goods of April 11, 1980
- UN Convention on Limitation Periods in the International Sale of Goods, 1974

An aerial photograph of a vibrant coral reef, showing various shades of green, blue, and yellow. A black rectangular text box is centered over the image, containing white and yellow text. A small yellow horizontal bar is positioned above the text box.

## **Definition of international business contract / foreign economic agreement (IC)**

is an agreement between two or more subjects of foreign economic activity and their foreign counterparties, aimed at establishing, changing or terminating their mutual rights and obligations in foreign economic activity.

**International contracts** refers to a legally binding agreement between parties, based in different countries, in which they are obligated to do or not do certain things.



# Kinds of international contracts

- International sale contract.
- International distribution contract.
- International agency Contract.
- International sales representative contract.
- International supply contract.
- International manufacturing contact.
- International services contract.
- International joint contract.
- International franchise contract
- etc



# Object of the contract



Goods — goods defined in the Ukrainian classification of goods of foreign economic activity (products of animal origin, fats and oils of animal or vegetable origin, prepared foodstuffs)



Services (services for processing toll raw materials in the domestic economy or abroad; freight transport, consulting etc.)



Capital (shares, bonds, real estate, rights on intellectual property, know-how etc.)



# Legal requirements regarding form of the international contract



**Oral**



**Written**



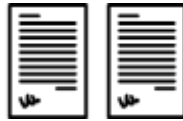
**Electronic form**



# Language of the international contract



The text of the agreement is in Ukrainian only; or



The text of the contract is in a foreign language only. Must be accompanied by a translation into Ukrainian. The translator's signature must be notarized; or



The text of the agreement in two languages at once: Ukrainian and the relevant foreign language (usually English). The texts are placed next to the columns. The text of the contract should indicate which language is preferred!



# **Requirements regarding terms and conditions**

Since 2020 are not prescribed  
by the law





## Recommendations:

- Name, number of the contract, date and place of its conclusion.
- Preamble.
- Subject of the contract.
- Quantity and quality of goods (volumes of work, services).
- Basic conditions of delivery of goods (acceptance-delivery of performed works or services). INCOTERMS 2020
- Price and total cost of the contract.
- Terms of payment.
- Conditions of acceptance-delivery of goods (works, services).
- Packaging and labeling.
- Force majeure.
- Sanctions and complaints.
- Settlement of disputes in court.
- Location (place of residence), postal and payment details of the parties.



## Special attention to the details:

- names of the parties, their registration numbers, addresses, bank details, contact details;
- clear indication of terms:
  - I. which day is the first day of the term - the term is calculated from the day following a certain action / event, or from the day when such action / event took place;
  - II. it is a question of working or calendar days;
  - III. at what time the day is considered over;
  - IV. how the difference in time zones, days off and local holidays, etc .;

**+ for bilingual contracts:** the absence of differences in the language versions of the contract and the compliance of the prevailing language version with the agreements of the parties.



# **Selection of governing law, arbitration and court**



## **Applicable (governing) law**

The right of the parties to choose the applicable (governing) law (except in cases when the choice of law is expressly prohibited by the laws of Ukraine).

## What to do when there is no mutual agreement about governing law?

The contract is more closely related to the law of the state in which the party to perform, which is crucial for the content of the transaction, has its place of residence or location.

### Examples:

**SELLER** — under the contract of sale;

**DONOR** — under the donation agreement;

**RECIPIENT OF RENT** — under the rental agreement;

**ALIENATOR** — under the contract of life maintenance (care);

**LANDLORD** — under lease agreements;

**LENDER** — under the loan agreement;

**EXECUTOR** — under contracts for the provision of services;

**ATTORNEY** — under the power of attorney;

**COMMISSION AGENT** — under the commission agreement;

**LICENSOR** — under the license agreement

etc.



# Exclusions:

(non-exhausted list)



## **contracts where real estate is a subject –**

where the real estate is located or if the property should be registered – law of the state where such a registration to be done



## **agreements on joint activities or performance of works –**

law of the state where such activity is carried out or results of works are creating

# UNIDROIT



In international trade, the UNIDROIT Principles establishes general rules applicable to commercial contracts.

## Conditions of application:

- when the parties **have agreed** that their contract be governed by them
- when the Parties **have not chosen** any law to govern their contract
- **in other cases** they may be used to interpret or supplement domestic law.

# The ICAC Recommended Arbitration Clause (International Commercial Arbitration Court)



*Any dispute, controversy or claim arising out of or relating to this contract, including the conclusion, interpretation, execution, breach, termination or invalidity thereof, shall be settled by the International Commercial Arbitration Court at the Ukrainian Chamber of Commerce and Industry in accordance with its Rules.*

<https://icac.org.ua/arbitrazh/arbitrazhne-zasterezhennya/>







The parties may also indicate the substantive law to govern their contract, to determine the number of arbitrators (one or three), the venue and language of the arbitral proceedings.

## The example:

“This contract shall be regulated by the substantive law of \_\_\_\_\_.”  
/ country /

“The number of arbitrators shall be \_\_\_\_\_.”  
/ one or three /

“The place of arbitration shall be \_\_\_\_\_.”  
/ city /

“The language(s) to be used in the arbitral proceedings shall be \_\_\_\_\_.”  
/ Ukrainian, Russian or other /

# Force-major

Force majeure (force majeure circumstances) are defined as extraordinary and inevitable circumstances that objectively make it impossible to fulfill the obligations provided for by the terms of the contract (contract, agreement, etc.), Obligations in accordance with legislative and other regulations.

## Not considered as force majeure circumstances:

- financial and economic crisis,
- default,
- an increase in the official and commercial rates of foreign currency against the national currency,
- non-compliance / violation of their obligations by the debtor's counterparty,
- lack of goods on the market necessary for the fulfillment of the obligation,
- the debtor does not have the necessary funds, etc.

The above situations, which do not belong to force majeure, cannot be defined in the contract as force majeure.



# Act of work performed

(services provided)



## Act of work performed

- belongs to the primary documents and records the fact of a business transaction
- has a standard form
- OR may be developed by the company. in this case it should meet the requirements of the Law of Ukraine of July 16, 1999 № 996-XIV "On Accounting and Financial Reporting in Ukraine"

## The requirements:

**Primary accounting documents can be made in paper or electronic form and must have the following mandatory details:**

name of the document (form); date; name of the company; content scope of the business transaction, the unit of measurement of the business transaction; positions of persons responsible for carrying out a business transaction and the correctness of its design; personal signature or other data that allows to identify the person who participated in the transaction.

An aerial photograph of a lush green agricultural field, showing distinct rows of crops. A large black rectangle is superimposed in the center of the image, containing the word "Questions?" in a bright green, bold, sans-serif font.

**Questions?**