



International Business Transactions

Prof. Marian Paschke



PROGRAM

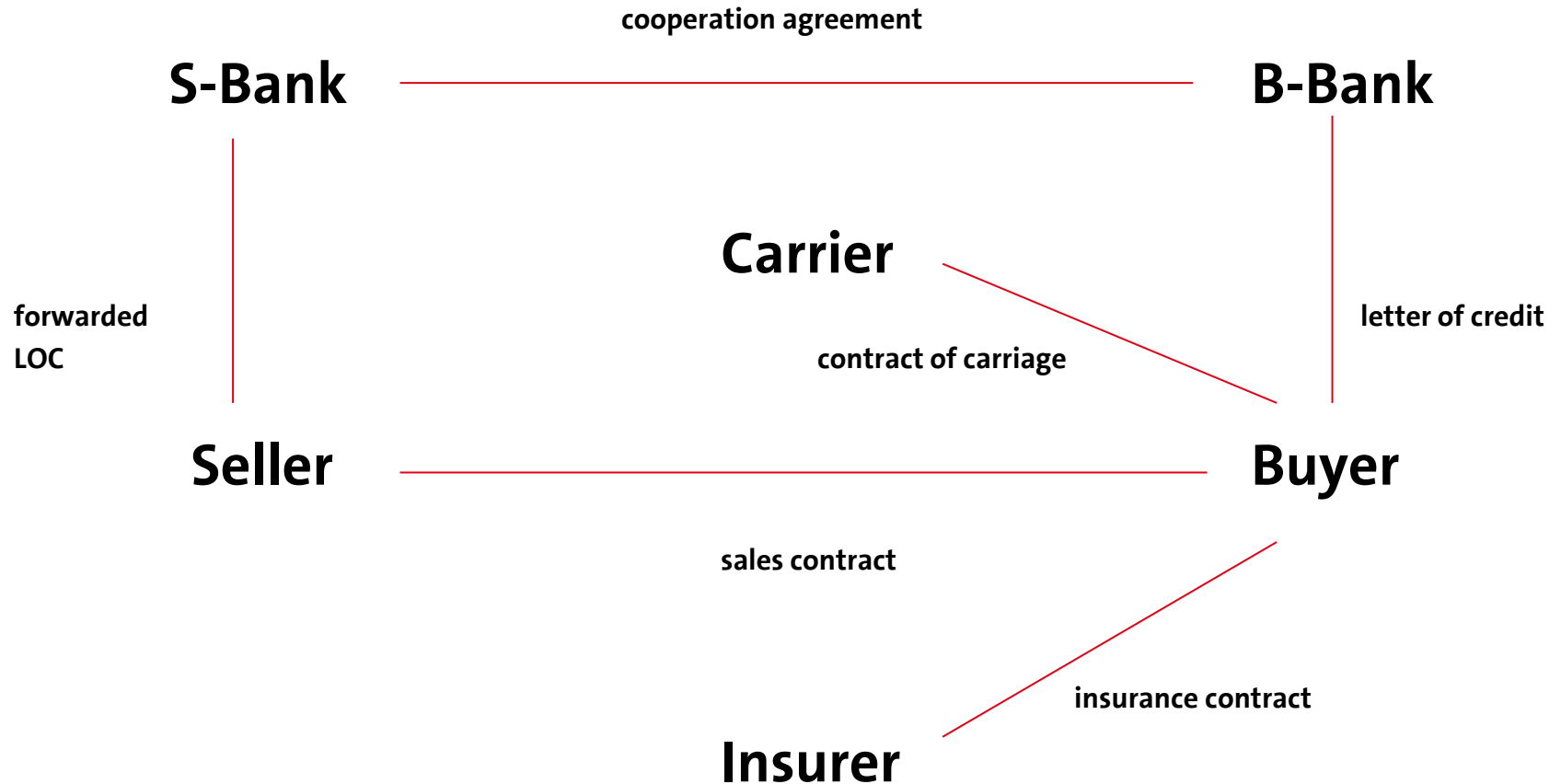
- **Fundamentals of International Business Transactions**
- **International Sale of Goods**
- **Finance of Exports**
- **Transportation of Goods**
- **Insurance of Goods in Transit**
- **The Impact of the WTO-System**

International Business Transactions

➤ ... a story of complexity

- **complexity of business partners**
- **complexity of business relations**
- **complexity of economic challenges**
- **complexity of legal influences**

Contractual Structure of International Business Transactions



IBT: Different Functions and Obligations of the Business Partners (i.e. Buyer)

Person	Function	Obligation
Buyer	seller's business partner	payment
	carrier's business partner = shipper	receiving of the goods to be transported
	bank's business partner	payment of the LOC (bank guarantee) price
	insurer's business partner	payment of insurance

IBT's: Economic and Legal Tasks of the Business Partners

- **reducing complexity ...**
- **... from the legal perspective**
 - **one business deal ...**
 - **several legal commitments (!)**

Contractual Structure of IBT's: The Sales Contract

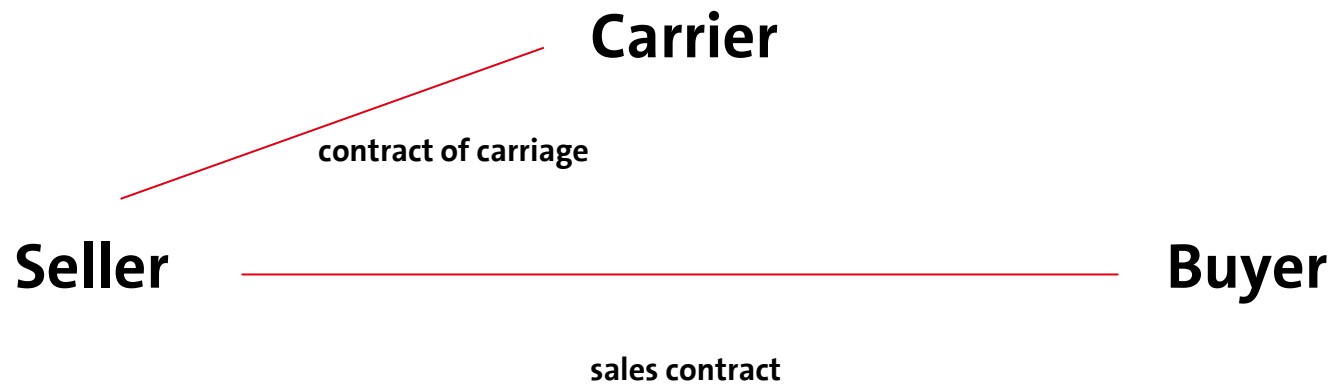
Seller



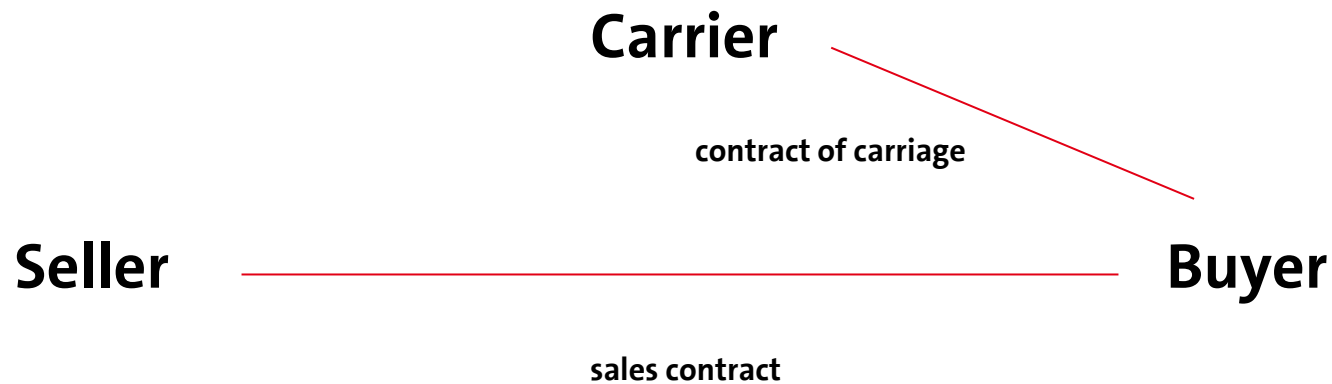
Buyer

sales contract

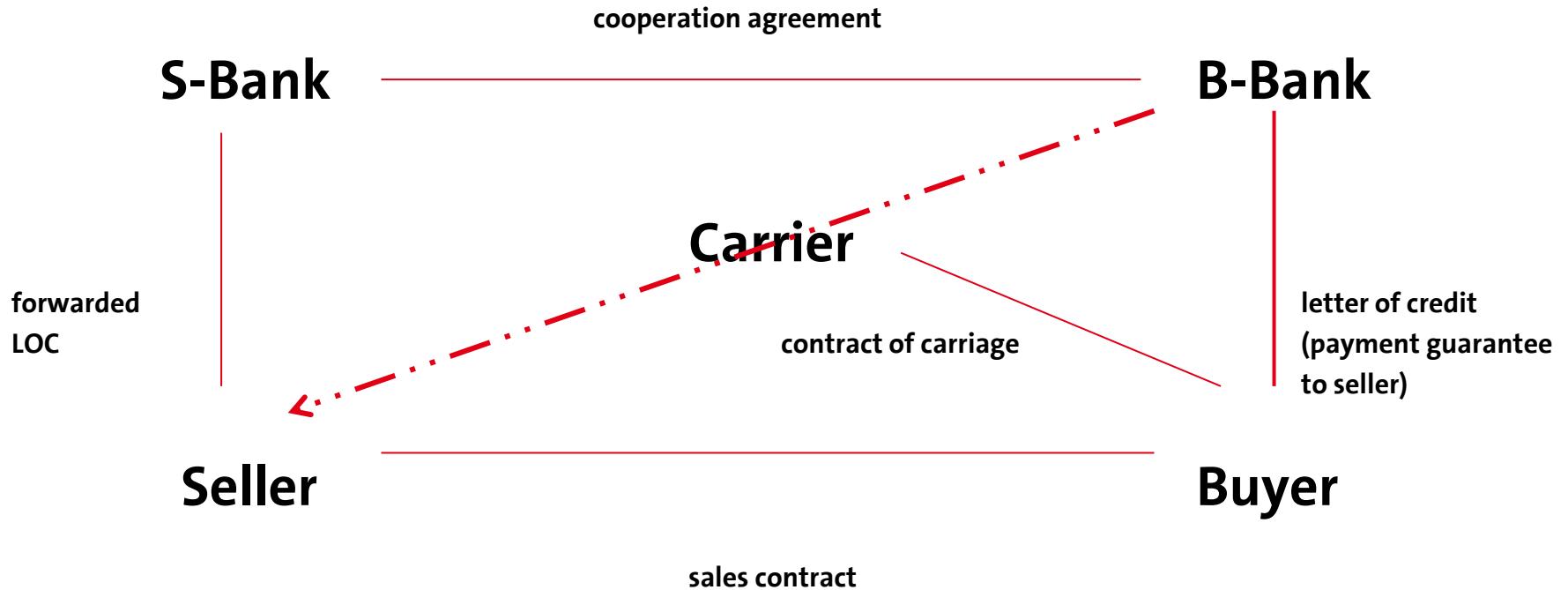
Contractual Structure of IBT's: The Contract of Carriage



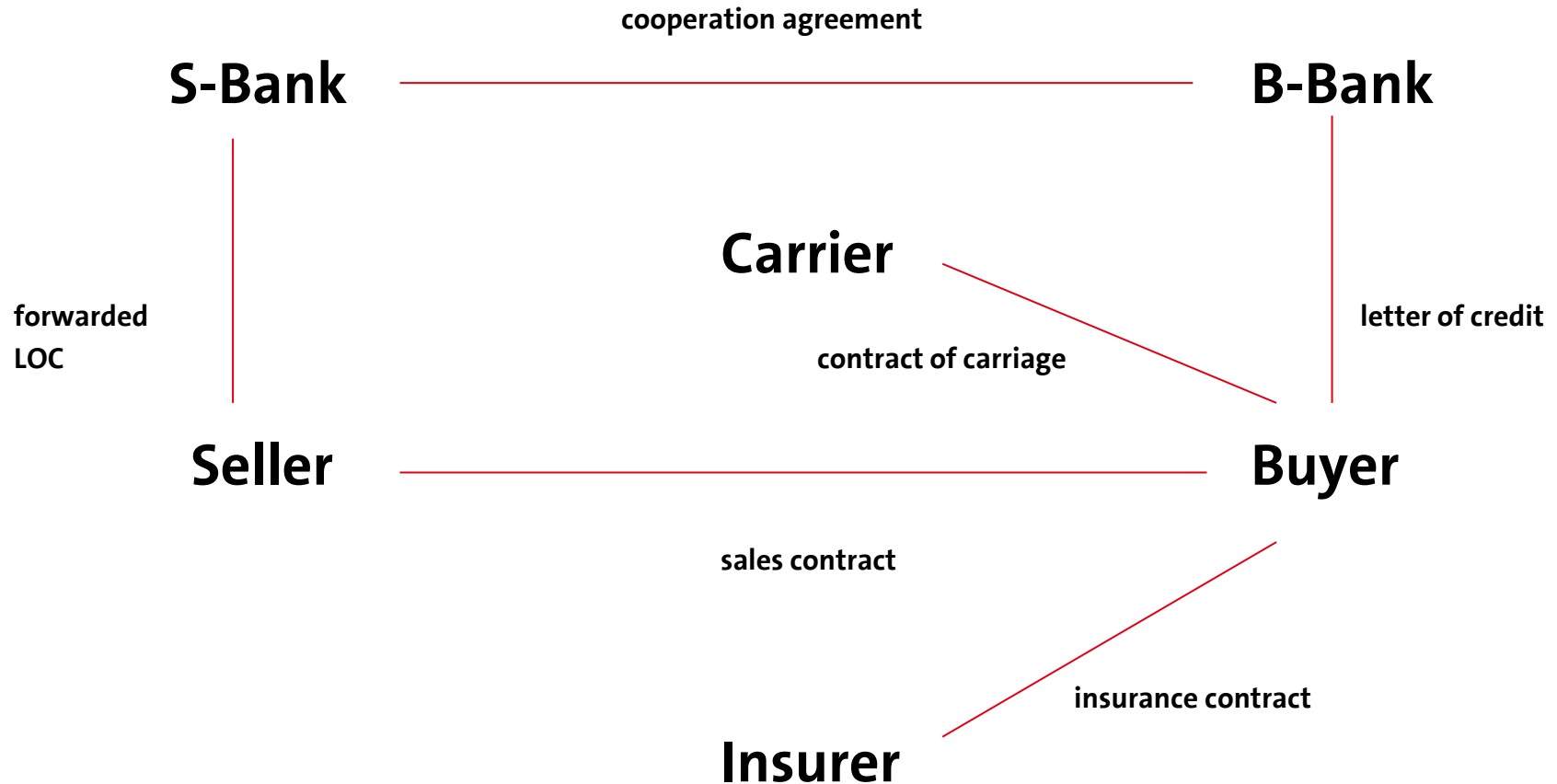
Contractual Structure of IBT: The Contract of Carriage (2)



Contractual Structure of IBT's: Financial Contracts



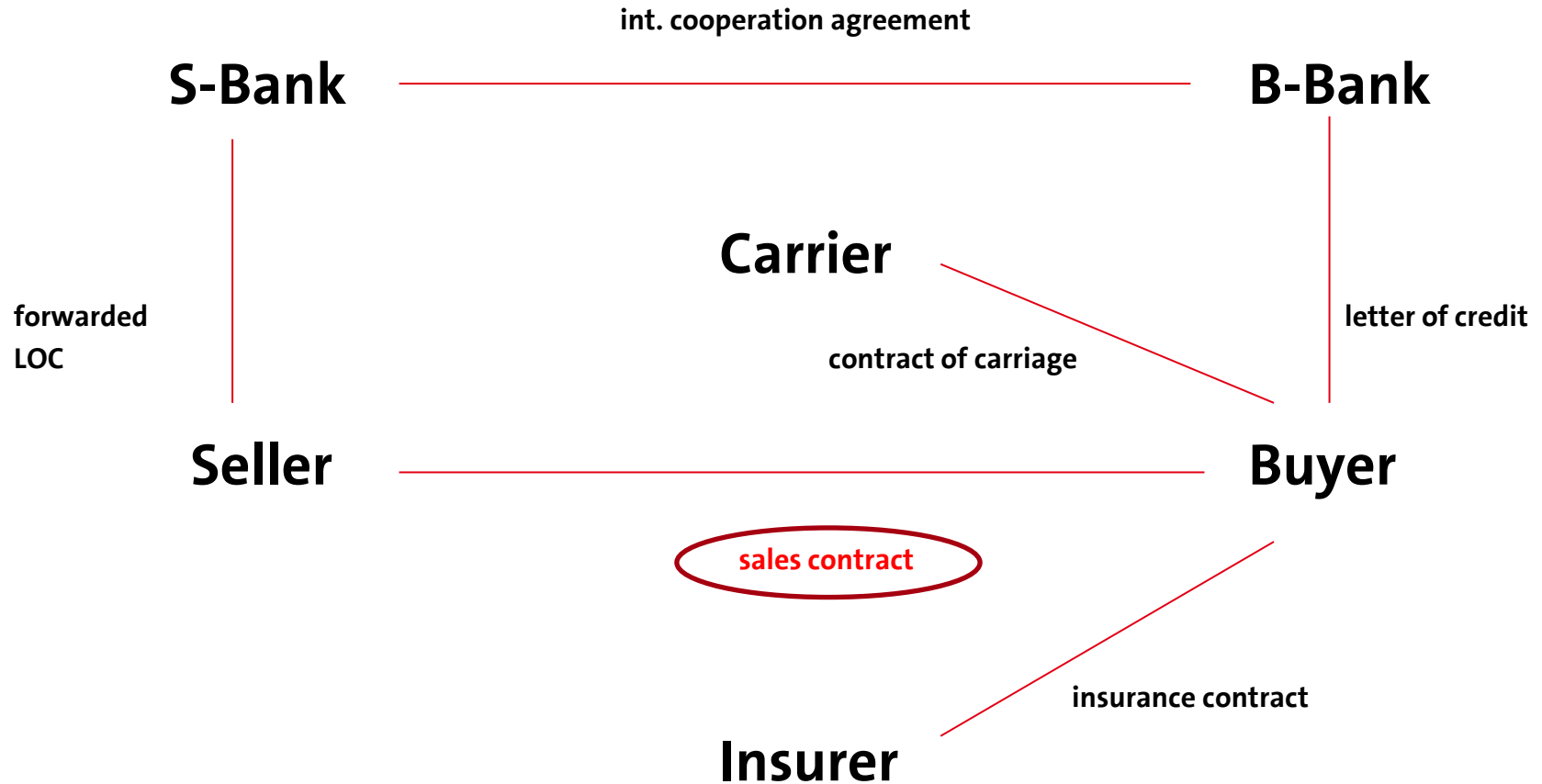
Contractual Structure of IBT's: Insurance Contracts



Contractual Structure of International Business Transactions

- the story of international business relations
- a story of international law?

IBT Sales Contract



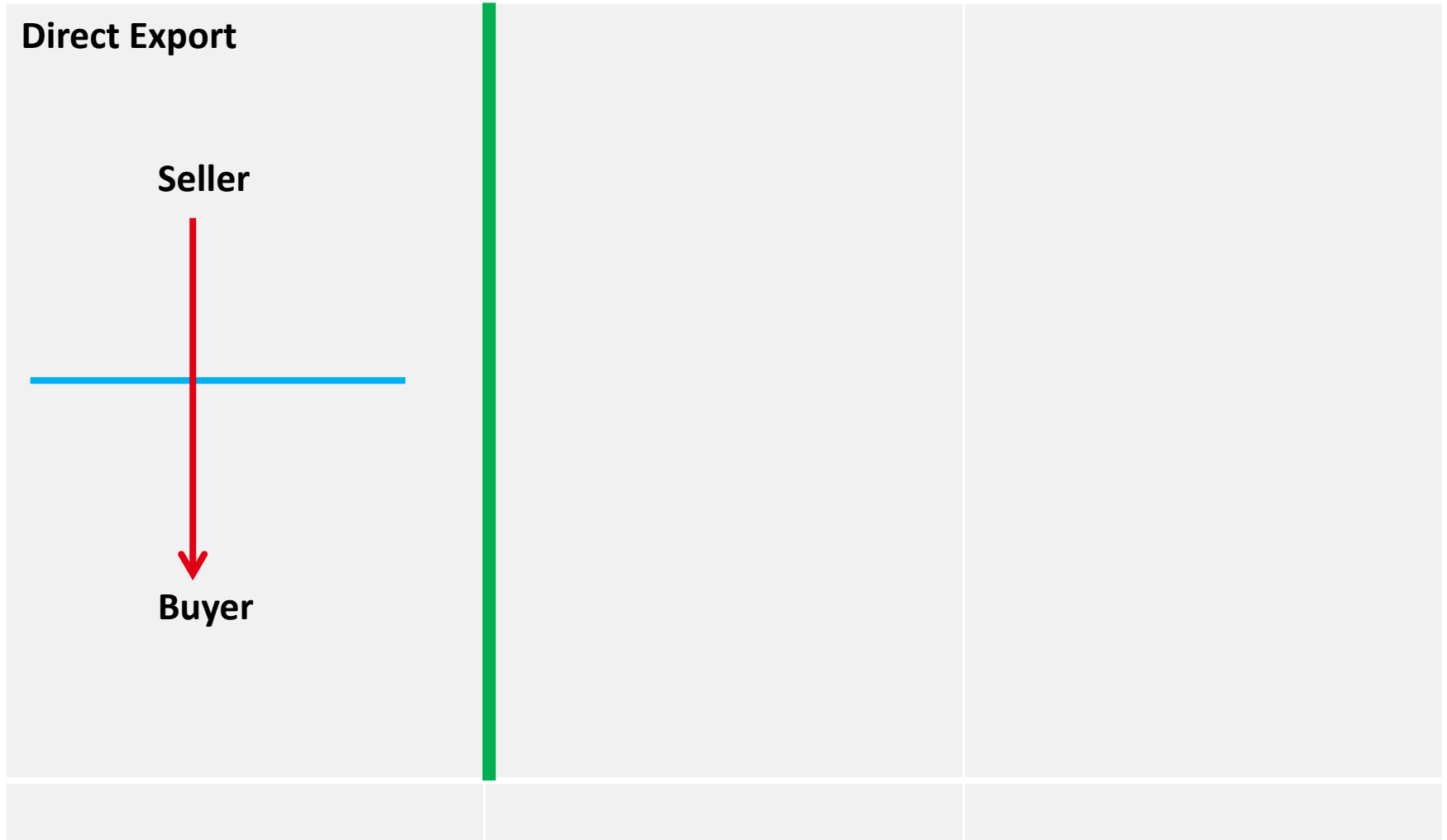
> an international story, unless ...

IBT Sales Contract – The structure behind the scene

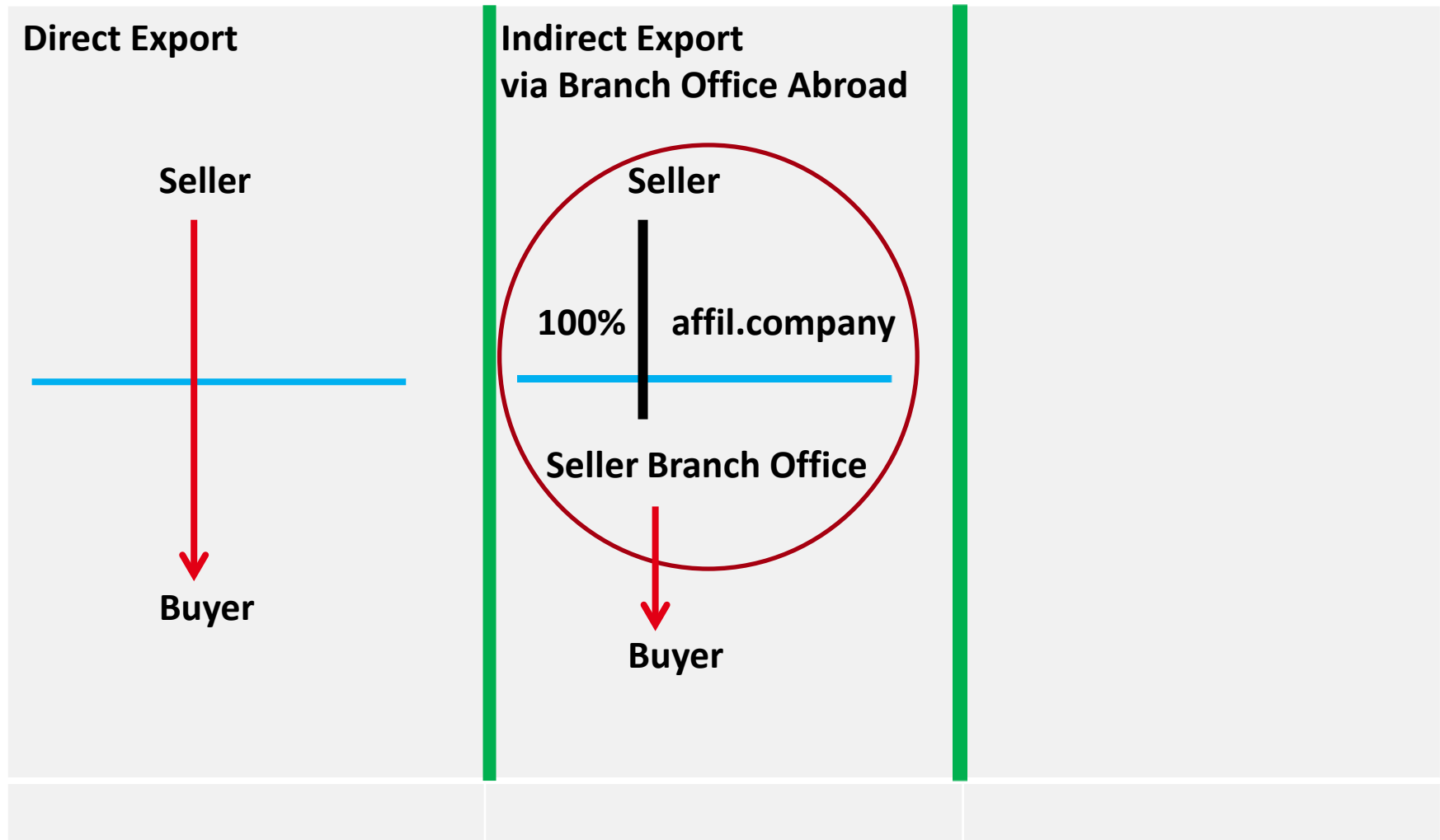
- **The export transaction may be carried out:**
 - **directly to an importer abroad (direct export sales)**
 - or
 - **indirectly through a marketing organization abroad**

- **Variety of export transactions through representatives**
 - **Trading representatives under direct control of the exporter, as:**
 - **overseas branch offices**
 - **afiliated subsidiaries**
 - **Trading representatives under looser arrangements**
 - **with independent distribution companies**
 - **with self-employed agents**
 - **by establishing a joint venture with an undertaking in the import country**

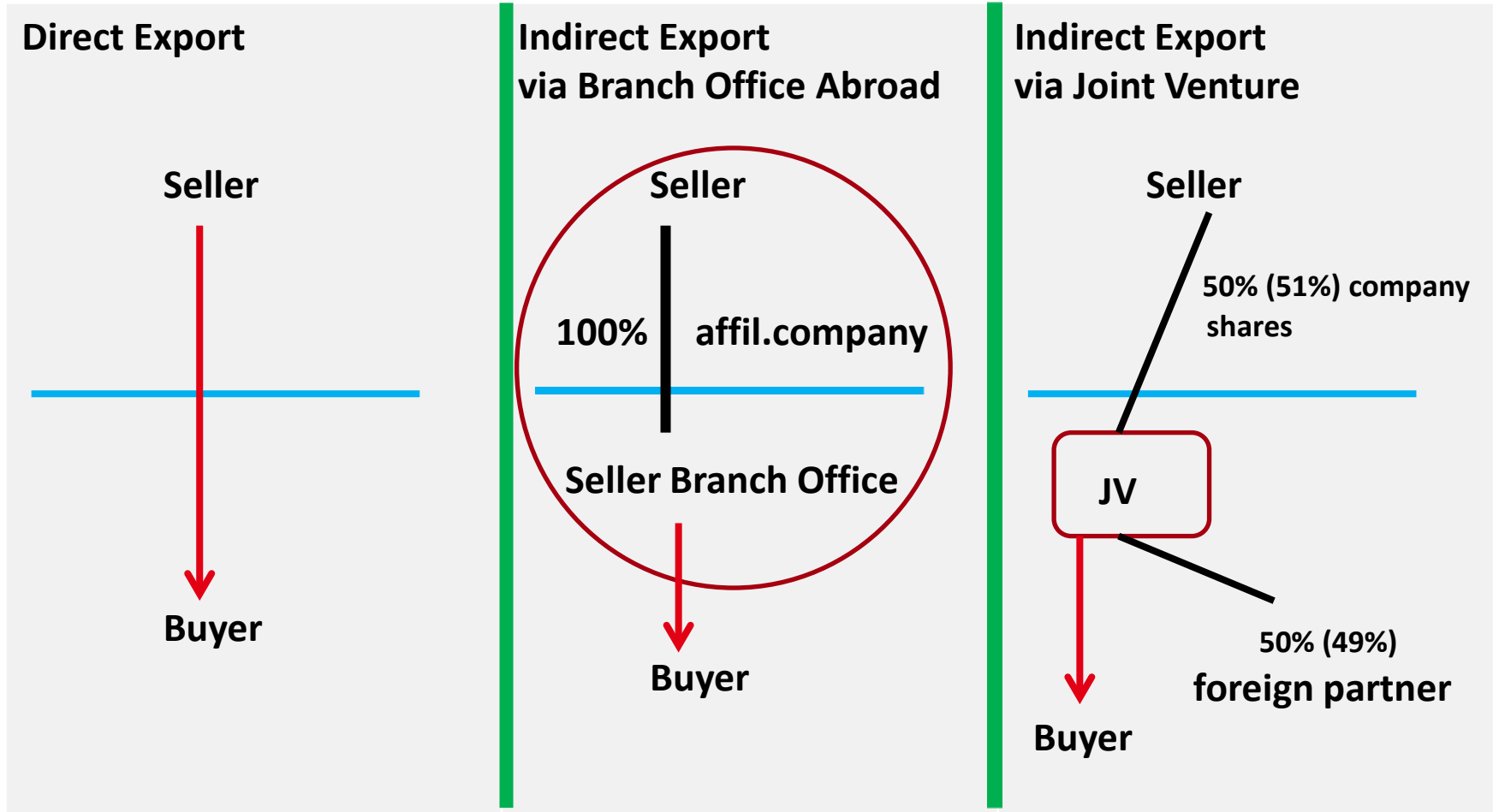
IBT Sales Contract – The structure behind the scene



IBT Sales Contract – The structure behind the scene



IBT Sales Contract – The structure behind the scene



IBT Sales Contract – international or national?

➤ from the legal point of view
(cf. Art. 1 CISG)

- places of business of contracting parties are in different states

for example:

(1) Seller (Russia) – Buyer (Germany)

(2) Seller (Germany with branch off. in Russia) – Buyer (Russia)

(3) Seller (= 51/49) JV in Russia – Buyer (Russia)

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➤ from the legal point of view
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- places of business of contracting parties are in different states

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(1) Seller (Russia) – Buyer (Germany) = **International**

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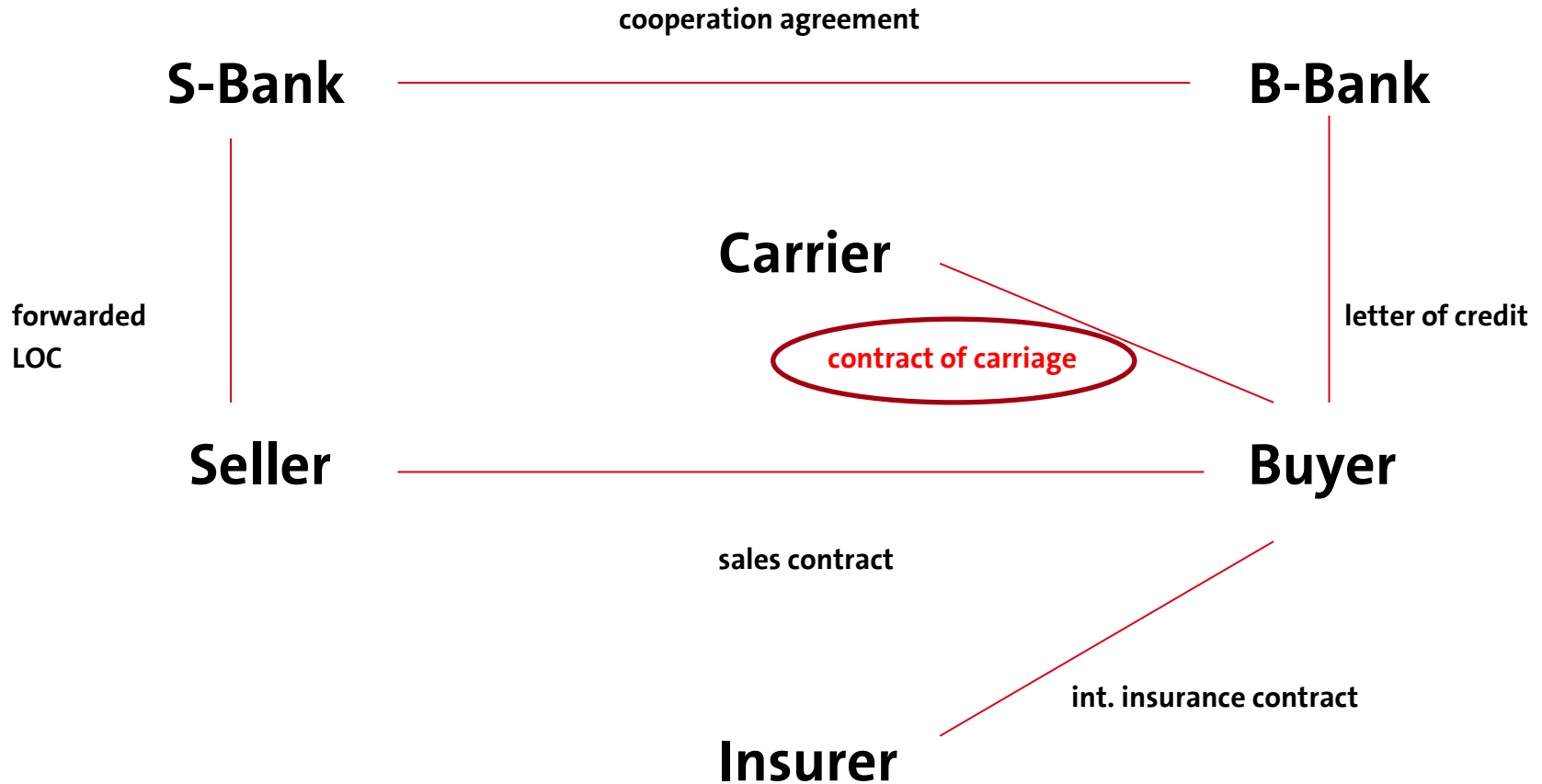
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IBT Contract of Carriage



IBT Contract of Carriage – international or national?

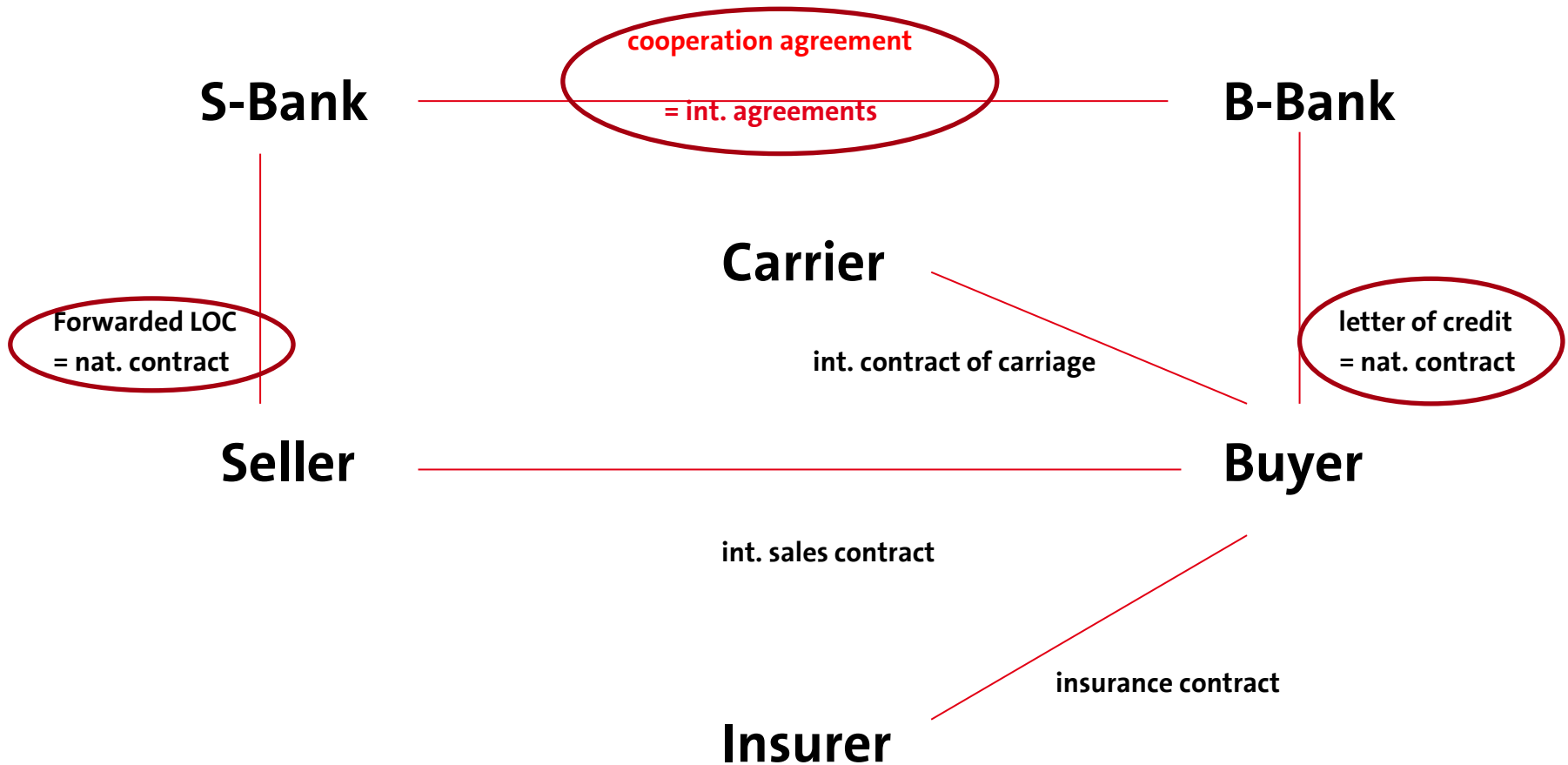
- from the legal point of view
cf. CMR (road transportation), CIM (railway), HR (sea), MC (air)

- place of loading and place of discharge in different countries

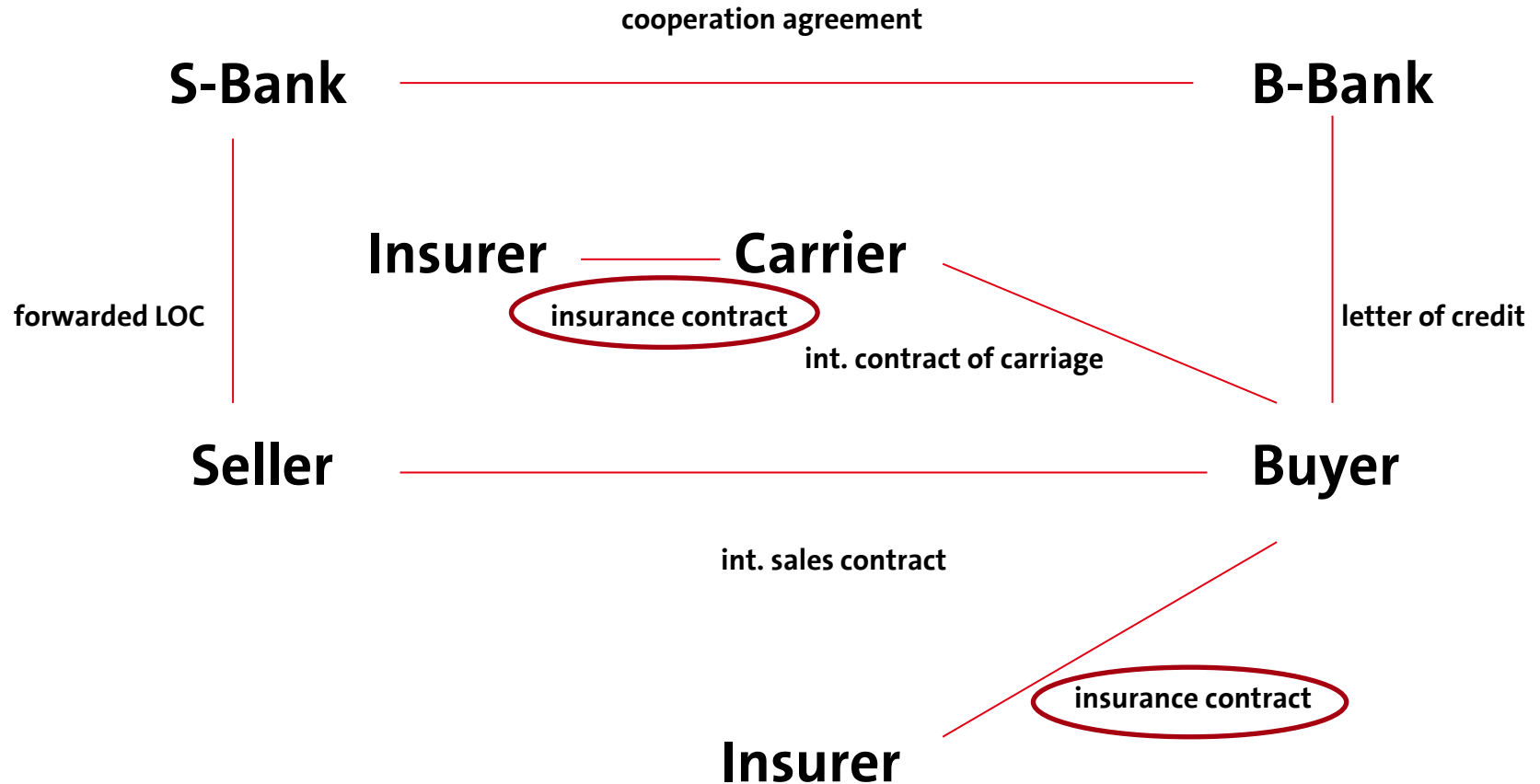
for example:

- (1) Shipper (Russia, place of loading) – Carrier (Russia) – Consignee (Russian Company in Germany, place of discharge) = **international**
- (2) Shipper (Germany with branch off. in Russia= place of loading in RU) – Carrier (Russia) – Consignee (Russia, place of discharge) = **national**

IBT Financial Transactions



IBT Insurance Transactions



IBT: National and International Law

➤ Fundamentals

- national transactions - national law
- international transactions – international law?

➤ Different approaches of the law concerning IBT

- contractual freedom for int. commercial contracts
- (non unified) international private law (IPL)
 - choice of law by the business partners
 - applicability of the law with the closest connection to contract
 - > *“the seller sells under the law of his home country”*
 - ordre public: national public policy restrictions
- unified international law
 - mandatory law
 - public int. law (restrictions for the transfer of goods and payments)
 - non binding law (freedom of contracting out)
 - model law (application by the parties of the contract)

IBT: National and International Law - Examples

- **Sales Law**
 - unified int. law: CISG – Convention on the International Sale of Goods**
 - non binding: Art. 6
 - Int. Commercial Terms: INCOTERMS - ICC - Int. Chamber of Commerce**
- **Law of Transportation**
 - unified int. law: CMR (road), CIM (rail), MC (air), HR (sea)**
 - mandatory law
- **Law of financial transactions**
 - unification of standard transaction terms by the ICC: URDG**
 - non binding, but widely accepted
- **(Carriage of Goods) Insurance Law**
 - no international Law available**
 - predominant standard trade terms: UK Institute Cargo Clauses