

Import Buy

November 20, 2019

Essential Clauses to Include in Your International Purchase Agreements and Purchase Orders

It was right before Thanksgiving on November 20th, that Mercado Labs held the third of its six-installment Import Supply Chain Webinar called, “*Essential Clauses to Include in Your International Purchase Agreements and Purchase Orders.*” The training program is progressing very nicely and the number of return (as well as new) attendees is a clear indication of the relevance of each topic!

Given the importance of negotiating with overseas vendors to the health of an import supply chain, we decided to break this webinar down into two distinct, but closely connected subjects:

1. The International Purchase Agreement
2. The Purchase Order

This approach allowed us to firstly cover all the clauses that should be included in a Purchase Agreement and secondly – of equal importance – discuss how those clauses have to be consistent with a Purchase Order that is placed on a supplier.

As part of the section on Purchase Agreements, we covered everything from Bills of Material to product price, and currency of sale to product warranties and Incoterms® 2020 Rules. We also covered important legal considerations like applicable law, dispute resolution, and severability. While every Purchase Agreement will contain requirements and nuances specific to a given importer’s needs, this section covered around ninety percent of what should be included in a solid International Purchase Agreement.

Based on the content of a Purchase Agreement, we then moved on to Best Practices for preparing actual Purchase Orders that are placed on an international supplier. With a particular emphasis on consistency with the underlying Purchase Agreement, we talked extensively about important subjects like product description, unit price, last cancellation dates, and last ship dates. We wrapped up the discussion on Purchase Orders by stressing that the content of a well-prepared P.O. drives the quality of downstream documents that include the commercial invoice, packing list, and Advance Ship Notice.

Next up on the schedule is the very timely subject of “Incoterms® 2020 Rules.” With implementation just around the corner on January 1st, it is a must for all U.S. importers to attend this fast-paced, yet comprehensive treatment of shipping terms. For anyone that can’t make it live, be sure to tune in to the recorded versions of all webinars that are archived on the Mercado Labs website!

Want more detail on everything we discussed during this webinar? Visit <http://www.mercadolabs.com/webinar-series-global-trade-webinar-3-import-buy/> to watch and download the webinar material.