



# KUWAIT CHAMBER OF COMMERCE & INDUSTRY

## NEW MODEL OF AGENCY AGREEMENT

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This contract is considered a **guiding model**, which Kuwait Chamber of Commerce and Industry does not assume any responsibility for the legal effects or consequences caused by its application, or the application of one of its clauses. As well shall not bear any responsibility for directly or indirectly damage, whether (accidental, consequential, exceptional damage) might be arising as a result of any violation of the law.

## **DRAFT OF COMMERCIAL AGENCY CONTRACT\***

This contract is made in the date hereof by and between:

**First: M/s**

(Hereinafter called “**The Company**”)

**Second: M/s**

(Hereinafter called “**The Principal**”)

Therefore, the parties hereby agreed as follows:

**First: Contract Subject:**

The First Party hereby agreed, and the Second Party hereby accepts, to appoint this agent as its sole commercial agent and distributor.

**Second: Scope of Contract:**

The scope of this commercial agency includes: (the Area)

**Third: Contract Term:**

The duration of this contract is ..... and is renewable for similar periods unless one party notifies the other of its intention to terminate it before the period of not less than ..... of the contract expiry date.

**Fourth: Agent`s Duties:**

- a) The Agent hereby agreed to exert its best efforts for the promotion and marketing the company`s products, namely:  
In such a manner which shall ensure its success in the Kuwaiti markets.
- b) The Agent hereby agreed to exert its best efforts in order to provide the company with all such information that may lead to the strengthening of the company`s competitive position in the Agent`s operation area.
- c) The Agent hereby undertakes not to sell or offer for sale any similar product or products of the same nature of that of the company`s products during the term of this agency contract unless he gets a prior written consent from the company.

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**Fifth: Publicity & Advertising Materials:**

The company hereby agrees to provide the Agent, free of charge, with all the promotional materials and requirements for the utilization of its products.

**Sixth: Use of Registered Brand:**

The Agent shall have the right to use the Principal Company`s Registered Brand throughout the duration of this agency contract, provided that this shall be restricted to the marketing and promotional activities in favor of the Company`s products in Kuwait.

**Seventh: Prices and Purchase Conditions:**

The Company shall sell its products to the Agent and the Agent shall buy from the Company according to the Price Regulations as prepared by the Company at a discount rate equal to ..... Percent, upon the approval of both parties.

**Eighth: Method of Payment:**

The payment shall be made as per the following methods:

- a) Cash against the provision of the documents;
- b) A Letter of Bank Guarantee
- c) Promissory Notes (As agreed)

**Ninth: Guarantees:**

The Company shall warrant its products as being free of any or all defects of the materials or workmanship in such a manner that it shall perform the purpose for which it is being made. The Company shall commit to replace, free of charge, any piece(s) to be discovered, after checking, that it is damaged or defective.

The Agent or distributor shall provide the necessary maintenance and repair services for the products and goods which he is marketing in the area, and the warranties include providing the spare parts for the goods that needs it. As well as providing maintenance under the same warranty conditions without collecting any increase above the quoted prices to the Agent`s clients.

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### **Tenth: Complaints**

The Agent shall notify the Company, as soon as possible, of all the complaints related to the products being promoted by the Agent, along with enclosing the same with the name and address of the complainant person(s).

### **Eleventh: Purchase of the products upon expiry of contract**

In the event of the termination of this contract, the Company hereby agrees to purchase all its products available with the Agent which he has bought during the term of this contract in the price to be agreed upon.

### **Twelfth: Obligations**

The Company shall exert its best efforts in order to meet the orders submitted to it by the Agent, in a reasonable speed, and thus it shall be responsible for any delay or non-delivery or non-meeting of these orders unless the reasons for such delay or non-delivery are out of the Company's control, such as the force majeure, fire, strikes and un-avoidable incidents like the war and civil commotion.

In addition to the foregoing, the company hereby undertakes to provide the Agent with the full support in order to market the Company's products and to receive only the submitted orders by its local agent in Kuwait.

Provided that the Agent or distributor, as applicable, shall commit the following:

- Provides such goods or products or services needed permanently by its agency and in an adequate manner, and the same shall be applicable to the spare parts for such goods that need the same, provided that they shall be available in the country of production.
- Provides the necessary workshops for the maintenance and repair needed by the goods the subject of this agency as well as providing all the guarantees provided by the producers, without prejudice to the standard specifications of the state. In case of the expiry of the agency, the Agent or Distributor's obligations shall continue for a period of six months from the date of its expiry or until the appointment of a new agent or distributor.

With regard to all transactions to be completed by the Company directly with other parties in Kuwait, the Agent shall have the right to receive the recognized and agreed commission in the contract.

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The Agent must be informed of these transactions and their equivalent and he must agree to them, together with providing him with copies of the orders and their confirmation as well as copies of their respective invoices.

The Company shall endeavor to prevent its certified agents and distributors outside the State of Kuwait to sell the Company`s products in the Kuwaiti market.

**Thirteenth: Changes & Amendments**

Any letter, telegram or any notice to be made in any other way, whether verbally or in writing, between the signatories of this agreement shall not be deemed as an integral part of this contract or conducts any changes or modifications therein unless it is expressly and clearly provided for in the respective correspondence, along with attaching the same as an appendix to this contract and be signed by both parties.

**Fourteenth: Commission**

The Agent shall be entitled to receive a commission at the rate of ..... percent of all the recommended orders to and from the territory of his agency as provided for in this contract.

**Fifteenth: Arbitration**

In the event of the breach of any clause of this agreement by any of the contracting parties, it shall be solved through arbitration in Kuwait, whether through the Kuwait Chamber of Commerce & Industry or via a sole arbitrator to be appointed by both parties, or either party shall nominate an arbitrator and the two arbitrators shall appoint an umpire arbitrator. If they fail to do so, he shall be appointed by the Chamber.

The decision of the arbitration panel shall be final, binding to both litigation parties, cannot be appealed.

**Sixteenth: Due Commissions**

The Company shall comply with the payment of all the commissions due to the agent quarterly (every three months) after the agent agrees to the statement of the commissions.

In the event of the termination of this contract, the Agent shall be entitled to receive commissions as per the agreed percentage before the termination of the contract against all the completed transactions up to the termination date

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of this contract, together with reserving his right to be indemnified according to the applicable laws in the State of Kuwait.

**Seventeenth: Appointment of more than one agent**

The Company shall commit, as mentioned in this contract, to refrain from appointing one or more agent within the territory of this contract.

**Eighteenth: Sign and Confirmation**

This contract is valid as of .....

**FIRST PARTY**

**SECOND PARTY**

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