

Business Law

Text & Exercises *6th Ed.*

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Chapter 42: International Law

Learning Outcomes

- LO1** • Identify international principles and doctrines.
- LO2** • Discuss how business is done internationally.
- LO3** • Explain common terms included in international contracts and methods for making payment in international transactions.

Learning Outcomes

LO4

- **Outline the regulation of international business activities.**

LO5

- **State examples of U.S. laws applied in a global context.**

International Principles and Doctrines

- **The most important principles and doctrines applied in the interest of maintaining harmonious relations among nations:**
 - The Principle of Comity. →
 - The Act of State Doctrine. →
 - The Doctrine of Sovereign Immunity. →

The Principle of Comity

- **One nation will defer and give effect to the laws and judicial decrees of another country, as long as those laws and judicial decrees are consistent with the law and public policy of the accommodating nation.**

The Act of State Doctrine

- **Judicial branch of one country will not examine the validity of public acts committed by recognized foreign government within its own territory.**
- **This doctrine is often invoked to protect:**
 - **Expropriation, and Confiscation.**

The Doctrine of Sovereign Immunity

- **This doctrine exempts foreign nations from jurisdiction in U.S. courts.**
- **The Foreign Sovereign Immunities Act expanded the jurisdiction of U.S. courts for creditors of foreign governments.**

- **Exporting, through:**
 - An Agent.
 - A Foreign Distributor.
- **Manufacturing Abroad, through:**
 - Licensing.
 - Franchising.
 - Investing in a subsidiary or joint venture.

Contracts in an International Setting

- **Choice of Language Clause.**
- **Choice of Forum.**
- **Choice of Law .**
- **Force Majeure (impossibility or “act of God”).**
- **Civil Dispute Resolution.**

Payment Methods on International Transactions

- **Monetary Systems.**
 - Foreign Exchange Rates/Markets.
 - Correspondent Banks (affiliated banks in different countries).
- **Letters of Credit.**
 - Conditional promise by Issuer (Bank) to pay Beneficiary (Seller) on behalf of Account (Buyer).

Regulation of International Business Activities

- **Nations impose laws and controls to restrict or facilitate international business.**
 - Investing.
 - Export Controls.
 - Import Controls. →

Regulation of International Business Activities

- **Import Controls** (cont'd).
 - Quotas and Tariffs.
 - Dumping: dumping is the sale of foreign goods below market prices.
 - Minimizing Trade Barriers. →

Minimizing Trade Barriers

- **Most nations are members of the World Trade Organization and required to grant “normal trade relations” status to other members.**
 - European Union.
 - North American Free Trade Agreement.
 - Central America-Dominican Republic-USA Free Trade Agreement (CAFTA-DR).
- **Bribing Foreign Officials.**

- **U.S. Antitrust Laws:** any conspiracy that has a substantial effect on U.S. commerce is within reach of U.S. courts.
- **Antidiscrimination Laws:** Generally, U.S. firms must abide by U.S. anti-discrimination laws, even in their foreign activities, unless doing so would require them to violate the laws of the foreign country (the “foreign laws exception”).