Business In An International Legal Environment Essay, Research Paper

Business in an International Legal Environment

With the internet becoming increasingly powerful and

popular, international business is bound to do so as

well. It has become more and more important for

businesses to conduct global commerce. As this trend

continues to rise and the world grows smaller, many

issues arise regarding the legalities of international business.

I will attempt to condense these issues into this brief

memo.

Many advantages and disadvantages exist in

international sales and trade. A few advantages are

quite obvious. Expanding the company’s market in

order to increase overall revenue and dominate the

market share are the most apparent. In addition,

international business also unites the world in a way.

It is important to merge international economies in

order to become more global.

Disadvantages are a little less obvious and a little

more plentiful. Three major problems include different

legal systems, long distances, and insurance

considerations. Also, since the two parties neither

know or understand each other well, there exists some

amount of uneasiness between the buyer and the seller.

This latter problem has been somewhat resolved with the

onset of the letter of credit financing device. The

letter of credit is basically an assurance by the

buyer’s bank that the seller will get his/her money.

In order for the seller to receive his money, he must

provide some proof that the goods had been delivered.

Other disadvantages include the price that is paid for

goods distributed to another country. This is settled

with international sales contracts. Trade terms are

used to settle differences in distance and insurance

problems. They are sometimes used to divide

responsibility between two countries doing business.

In 1980 the United Nations Convention on Contracts for

the International Sale of Goods (CISG) added some amount

of uniformity to international sales. Under the CISG,

contracts between countries are governed. This attempts to

provide certainty regarding frauds, timeliness, risk

of loss, and revocability of offers. One huge

disadvantage to international business is the issue

of disputes. When a dispute arises between two

countries, the issue can be tied up in litigation for

much longer than a dispute within our own country.

This issue is usually avoided because of agreements

adopted by many countries that perform international

trade.

When assessing advantages and disadvantages of

international business, it can appear that the bad

outweigh the good. However, many of the disadvantages

have been laid to rest due to agreements between

countries. Therefore, it is far more beneficial for a

large company to conduct international business than

perform business within it’s own country.