

5 Things To Note About Commercial Contracts In Vietnam

When it comes to the phrase “commercial activities”, it is often understood that it is the activity of trading or exchanging goods according to the needs of two or more parties, after each party has reached an agreement, common purpose to satisfy their own interests.

However, **Vietnamese law** defines this term in more detail: “Commercial activities are activities for profit-making purposes, including goods trading, service provision, **investment**, trade promotion and other profitable activities.”

As such, it can be seen that when it comes to detailed analysis, commercial activities are not simply a purchase or sale of goods, but actually a series of activities carried out by the parties involved to achieve a common goal of profitability (profit gain).

Therefore, this activity is quite complex and needs to be thoroughly researched for any individual/organization who wants to participate in the process of conducting business activities. Here are some important points that traders should not ignore when engaging in commercial activities:

1. Know the basic principles prescribed by law

The current **Vietnamese Commercial Law** prescribes the following principles for commercial activities:

- a. Every trader participating in commercial activities is equal before the law.
- b. The Vietnamese State respects and protects traders’ freedoms and voluntary agreements in commercial activities.
- c. In addition to the provisions of Vietnamese law on commercial activities, traders may apply commercial habits or practices in case the law does not have detailed provisions or the involved parties have no agreement, provided that establishing such practices/pre-existing routines are not contrary to the provisions and principles of Vietnamese trade law.
- d. Traders engaged in commercial activities must have obligations and responsibilities to consumers for their goods and services.

2. Clearly define market needs and business environment

The traders determine what the market needs, where the ability of the trader fits the business environment to that of the trader's aims to help achieve feasible profit goals.

3. Choosing the right partners/customers in trade relations

Commercial activities are the game of at least two parties, in which each party wants to gain certain benefits for themselves. Therefore, when participating in commercial activities, traders need to learn and choose the right partners/customers for them to be able to balance their rights and obligations in the most optimal way in trade relations.

4. Importance of contract

Given the nature of the contract in general, a **commercial contract** is an agreement expressed to recognize the establishment, change or termination of the rights and obligations of the parties involved in commercial activities. It can be said that commercial contracts are the most important point in the commercial activities of the parties involved.

The conclusion of a commercial contract that satisfies the immediate needs gives the expectation of future profits.

Conclusion of a commercial contract is a legal event formed to regulate and bind the parties to comply with the agreements they have set, and stipulate sanctions for the violating party to ensure the rights for the other side.

5. Anticipate the risks

When engaging in commercial activities, traders are required to make a plan to avoid possible risks. The planning of potential risks and the plan for coping in advance will help traders minimise losses arising in case of unexpected risks.

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