

Portugal joins the CISG

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Today, on 7 August 2020, Decree 5/2020 of the Council of Ministers approved the **United Nations Convention on Contracts for the International Sale of Goods** (CISG or Convention), making Portugal its newest signatory state (link to the official publication here). The Convention will enter into force, in respect of Portugal, on the first day of the month following the expiration of twelve months after the date of the deposit of its instrument of approval.

Portugal joins the Convention alongside two historic moments. First, this is the year that marks the 40th anniversary of the Convention, and second, the current Secretary General of the UN, António Guterres, is a Portuguese national.

Portugal was in fact active in the preparatory works at UNCITRAL and present at the diplomatic conference that adopted the CISG in 11 April 1980. Although “arriving late to the party”, it is foreseen that the CISG will be **advantageous** for Portugal, both at the legal and commercial level.

First, as is well known, the CISG provides a **uniform and neutral regime** for cross-border transactions regarding carriage of goods, and related dispute settlement. The text is based on a common set of remedies inspired by the principle of *favor contractus* and structured to maximize economic benefits of the contract.

Second, the CISG provides for overall **legal certainty**, especially in cases where there is and there is not a (valid) choice of law. It is drafted in plain language and

this is particularly advantageous for small and medium-sized companies.

Third, scholars highlight the balanced system of solutions included in the Convention that allows **efficiencies in transaction costs** and thus more competitive prices for imported and exported goods. This is beneficial for overall trade, but from a Portuguese viewpoint, will also allow Portuguese final users to get more value for their money, and Portuguese exporters to sell their products at lower prices in global markets.

Fourth, the above benefits are emphasized when one considers that the CISG has been ratified already by **93 states**. This includes 24 of 27 EU Member-States (excluding UK, Ireland, Malta and not for long Portugal) and also the United States of America, Canada, Brazil, China, Japan and South Korea. Some of these countries are relevant trade partners of Portugal.

Lastly, Portugal will now benefit from **40 years** of scholarly writings and decisions for guidance, including in the Portuguese language, since Brazil recently became the first Lusophone country to adopt the CISG.

The increased availability of materials on the CISG in Portuguese may boost capacity building and contribute to the affirmation of the CISG in other Lusophone countries.

Scholars and diplomats have clamoured about this potential accession over the years, so we anticipate that this will be viewed positively by the local and international legal community.

Moreover, this can be seen as strategic boost for Portugal in international trade in this demanding international context.