

Delay damages and hardship do not copy from one country to another. In Saudi Arabia the parties may fix compensation in advance unless the obligation is to pay a sum of money. The court may reduce or increase it, and it is not due if the debtor proves there was no loss. [1] In the UAE, where exceptional general events were unforeseeable, the court may reduce an onerous obligation to a reasonable limit or terminate the contract, and any agreement to the contrary is void, under Article 224 of Decree-Law No. 25 of 2025, in force on 1 June 2026. [2] This page states no agreed-compensation article of that decree-law. Article 390 of Law No. 5 of 1985 allowed compensation to be fixed in advance. It is repealed from 1 June 2026. [3]

🔗 **Civil Transactions Law:** <https://laws.boe.gov.sa/BoeLaws/Laws/LawDetails/655fdb42-8c96-422b-b8c4-b04f0095c94c/1>

🔗 **UAE Civil Transactions Law:** <https://uaelegislation.gov.ae/en/legislations/4011>

Supply agreement for goods

A framework contract for the supply of goods between two companies in the GCC. It is not a one-off sale, which is the sale agreement, and it is not a supply of labour. Replace every [bracket] and delete the option that does not apply. This is a starting point. Have it reviewed by a lawyer licensed in the relevant jurisdiction before you use it.

Clause 1: Definitions and annexes

This agreement is made on [date] between [the supplier], registration [●] (the “Supplier”) and [the buyer], registration [●] (the “Buyer”). The annexes are Annex 1 (prices), [the specifications], and [the purchase-order form]. If they conflict, [this agreement / the signed purchase order] prevails.

Clause 2: Scope and purchase orders

The Supplier supplies [the goods] against purchase orders the Buyer issues. The estimated quantity is [●]. It is not a minimum unless this clause says so. Exclusivity: [exclusive in ● / not exclusive].

Clause 3: Delivery

Place of delivery: [●]. Time: [●] from the purchase order. Delivery term: [Incoterms 2020: ●]. Packing: [●].

Clause 4: Inspection, acceptance and rejection

The Buyer inspects the goods within [●] days of arrival. Notice of a patent defect is within [●] days of discovery, and of a latent defect within [●] days of discovery. Rejection is in writing and states the defect.

Clause 5: Title and risk

Title passes on [delivery / payment of the price]. Risk passes on [delivery / the point in the delivery term].

Clause 6: Price, tax and payment

Prices are in Annex 1. They are [inclusive / exclusive] of value-added tax. The invoice is electronic as the applicable rules require. Payment is within [●] days of [an accepted invoice / acceptance].

Clause 7: Warranty, defects and replacement

The Supplier warrants conformity to the specifications for [●] from acceptance. A defect in that period is replaced or repaired within [●] days of notice, without dropping a claim for compensation that remains.

Clause 8: Delay compensation

If delivery is late, the Supplier pays [●] per day, capped at [●], unless the obligation is to pay a sum of money. A court may adjust the sum where the law allows.

Clause 9: Force majeure

A party is not liable for delay caused by an event beyond its reasonable control if it notifies the other in writing once it knows. If performance becomes impossible, the part that is impossible ends. The parties may agree that the Supplier bears force majeure: [bears it / does not].

Clause 10: Hardship

If an exceptional general event that was not foreseeable makes performance onerous, the affected party requests negotiation within [●] days. The request does not stop performance. The parties amend in writing, or the matter is left to the court where the law allows.

Clause 11: Liability cap and insurance

The Supplier's liability under this agreement does not exceed [●]. The cap does not cover fraud, gross fault, or bodily injury. Insurance: [policy type and limit].

Clause 12: Assignment and set-off

Rights and obligations under this agreement are not assigned without written consent. Set-off: [allowed for sums due under this agreement / not allowed].

Clause 13: Confidentiality and data

Each party keeps non-public prices and specifications confidential for [●]. If the information includes personal data, that party follows the law in force in the country chosen in clause 16. If a standalone confidentiality contract is needed, use the [non-disclosure agreement](#).

Clause 14: Term and ending

The term is [●] from [date]. It renews [● / it does not renew]. Either party may end it on [●] days' notice, or immediately for [a material breach after notice / insolvency]. Purchase orders accepted before the end are performed.

Clause 15: Compliance

The parties comply with the anti-bribery and sanctions rules in force in the chosen country. Saudi local content, if a programme applies: [● / not applicable].

Clause 16: Law and disputes

This agreement is governed by the law of [the country]. A dispute goes to [the commercial courts of ● / arbitration under ●]. If the languages conflict, [Arabic] prevails.

Clause 17: Signatures

Supplier: name [●] · signature [●] · date [●]

Buyer: name [●] · signature [●] · date [●]

Notes for Saudi Arabia

The Civil Transactions Law, and the Commercial Courts Law on hearing a claim. [1][7]

Point	Text
Agreed compensation	It may be fixed in advance unless the obligation is a sum of money, and notice is not required (Article 178). [1]
Adjustment	It is not due if the debtor proves there was no loss, and the court may reduce or increase it (Article 179). [1]
Hardship	The debtor may request negotiation, and that does not entitle it to withhold performance (Article 97). [1]
Impossibility	If performance becomes impossible for a cause not attributable to the debtor, what corresponds to it ends (Article 110). [1]
Force majeure	The parties may agree that the debtor bears it (Article 174). [1]
Termination	It follows notice of default (Article 107). [1]
Hearing the claim	Commercial claims are not heard after five years from when the right arose, unless a specific text says otherwise (Commercial Courts Law, Article 24). [7]

Notes for the United Arab Emirates

Decree-Law No. 25 of 2025, and the repealed law on agreed compensation. [2][3]

Point	Text
Exceptional circumstances	The court may reduce an onerous obligation to a reasonable limit or terminate, and an agreement to the contrary is void (Article 224). [2]
Agreed compensation	Article 390 of Law No. 5 of 1985 allowed compensation to be fixed in advance, with a power in the judge to adjust it. It is repealed from 1 June 2026. This page states no corresponding article of the new law. [3]
Commercial transactions	Commercial contracts are also governed by Decree-Law No. 50 of 2022. No article number of it is stated here. [8]

Notes for Bahrain

The Civil Code, Decree-Law No. 19 of 2001. [4]

Point	Text
Hardship	The judge may reduce an onerous obligation to a reasonable limit (Article 130). [4]
Agreed compensation	It is not due if the debtor proves there was no loss, and the court may reduce it (Article 226). [4]
Above the sum	The creditor cannot claim more except in case of fraud or gross fault (Article 227). [4]

Notes for Qatar and Oman

The Qatar Civil Law and the Oman Civil Transactions Law. [5][6]

Country	Text
Qatar	Where exceptional general events were unforeseeable, the judge may reduce an onerous obligation to a reasonable limit, and an agreement to the contrary is void (Article 171). [5]
Oman	The court may reduce an onerous obligation (Article 159). Compensation may be fixed in advance if the obligation is not a sum of money, and the court may adjust it (Article 267). Force majeure dissolves a bilateral contract of itself (Article 172). [6]

Kuwait

- Article numbers for hardship and the penalty clause in the Kuwait Civil Code were not verified. Do not copy a number from another country. Read the text with a Kuwaiti lawyer.

Annex 1: Prices

A purchase order refers to this annex. Add rows for the items.

Item	Description	Unit	Price	Lead time
1	[Item]	[Unit]	[●]	[●]
2	[Item]	[Unit]	[●]	[●]
3	[Item]	[Unit]	[●]	[●]

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Sources

- [1] Bureau of Experts, Civil Transactions Law (Royal Decree No. M/191 of 29/11/1444H) <https://laws.boe.gov.sa/BoeLaws/Laws/LawDetails/655fdb42-8c96-422b-b8c4-b04f0095c94c/1>
- [2] UAE Legislation, Federal Decree-Law No. 25 of 2025 (Civil Transactions Law) <https://uaelegislation.gov.ae/en/legislations/4011>
- [3] UAE Legislation, Federal Law No. 5 of 1985 (Civil Transactions), Article 390, repealed from 1 June 2026 <https://uaelegislation.gov.ae/en/legislations/1025>
- [4] Legislation and Legal Opinion Commission, Bahrain Civil Code, Decree-Law No. 19 of 2001 <https://www.lloc.gov.bh/Legislation/HTM/L1901>
- [5] Al-Meezan, Qatar Civil Law No. 22 of 2004 <https://www.almeezan.qa/LawView.aspx?LawID=2559&language=ar>
- [6] Civil Transactions Law, Oman Royal Decree 29/2013 (text read on qanoon.om, a non-government mirror; the official listing is on mjla.gov.om) <https://qanoon.om/p/2013/rd2013029/>
- [7] Bureau of Experts, Commercial Courts Law <https://laws.boe.gov.sa/BoeLaws/Laws/LawDetails/38334008-3b70-4c6c-b3af-aba3016a8061/1>
- [8] UAE Legislation, Federal Decree-Law No. 50 of 2022 issuing the Commercial Transactions Law (notice in commercial matters; this page states no article number) <https://www.uaelegislation.gov.ae/en/legislations/1610>