

International commercial arbitration

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The German importer had to dispose of the imported livers at low prices, which means that the profit margin would shrink or that he will incur losses. The US exporter could claim that the supplies were based on the contractual agreement and that he did not breach contractual terms. The US exporter should not be made to reduce the cost of the goods if the contract did not state that the exports must all be male liver.

The ruling by the arbitrator will depend on the laws of the trade. It will also depend on the kind of contract that existed between the two parties (Sornarajah, 2004). If the west German importer clearly stated that he wanted 100% male liver but received some percentage of the sow liver, then he will have the right to have the cost reduced by the US exporter accordingly. The ruling will also depend on the precedents of the trade. The arbitrator will have to determine whether the distinction of the male liver and sow liver as known to both the parties to the trade and whether sow liver was considered of a lower price than the male liver. In addition, the religious beliefs and practices would also determine the nature of the ruling (Sornarajah, 2004).

International trade poses a challenge because of the different rules of trade between the parties. The arbitrator must be keen to ensure that the ruling is fair and just to all parties. The decision must not be biased to both parties. When entering into contracts, the parties should state categorically their terms without assuming they are implied.