Five Things to Consider When Doing Business with Foreign Companies

Posted in Alert on April 3, 2024

AS FIRST PUBLISHED IN THE APRIL 2024 ISSUE OF *EDGE* MAGAZINE

Doing business with foreign entities can result in greater opportunities for U.S. businesses. Per the Tennessee Department of Economic and Community Development, the state is home to 1,000+ foreign-based companies. What if you are a U.S. business owner that wants to do business with a foreign entity? There are many issues that should be considered. Below are five to keep on your radar.

1. **Expanded regulatory landscape –** Doing business with foreign companies, you may subject yourself to foreign laws, including, without limitation, laws on data security and privacy, employment, intellectual property and consumer protection. Additionally, you may be faced with more complex tax issues. Consult with legal and tax professionals to ensure that you are maximizing your tax efficiencies.
2. **U.S. sanctions and forced labor –** Numerous import-export laws apply when dealing with foreign entities, including prohibitions against doing business with sanctioned countries and those on the specially designated list kept by the U.S. Office of Foreign Assets Control. Importing goods made with forced labor is also banned.
3. **National security issues –** When dealing with a foreign company in the U.S., the Committee on Foreign Investment in the United States (CFIUS) may review transactions for national security impact. In some cases, filing with CFIUS may be mandatory. Likewise, there are foreign jurisdiction equivalents to the U.S. regime.
4. **Enforceability –** You may have limited means to enforce your rights against a foreign company, even if your contract is controlled by U.S. law. Unless the foreign company has U.S. assets, you may be required to go to the foreign company's local jurisdiction, which may be a costly and challenging endeavor.
5. **Cultural formalities –** Cultural formalities and conventions may play a larger role than you might think in negotiating deals with foreign entities. Also, contractual provisions such as indemnification obligations and limitation of liability, commonplace in U.S. agreements, may not be included in agreements in some foreign jurisdictions and can be prohibited by law.

We Can Help

Contact author April Holland or any member of our International/World Law Group practice for more information.

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Click here to read the full featured article, "5 Things to Consider When Doing Business with Foreign Companies," on pages 28 in *Edge* magazine.

Click here to read the full article, "Chattanooga Attorney Offers Five Things to Consider When Doing Business with Foreign Companies," on *TimesFreePress.com*.