

SECTION I. PAYMENT OF THE PRICE

Article 50

[Obligation to pay the price]

The buyer's obligation to pay the price includes taking such steps and complying with such formalities as may be required under the contract or any relevant laws and regulations to enable payment to be made.

PRIOR UNIFORM LAW

ULIS, article 69.

Commentary

1. Articles 50 to 55 provide a number of the details involved in the obligation of the buyer to pay the price, an obligation which is set out in article 49. In the case of article 50, it includes as part of the buyer's obligation to pay the price an obligation to take a number of preliminary actions in order to make possible the payment of the price.

2. Article 50 envisages that, as part of the buyer's obligation to pay the price, he must take the steps and comply with the formalities which may be required by the contract and by any relevant laws and regulations to enable payment to be made. These steps may include applying for a letter of credit or a bank guarantee of payment, registering the contract with a government office or with a bank, procuring the necessary foreign exchange or applying for official authorization to remit the currency abroad. Unless the contract specifically placed one of these obligations on the seller, it is the buyer who must take these steps.

3. The buyer's obligation under article 50 is limited to taking steps and complying with formalities. Article 50 does not require the buyer to undertake that his efforts will result in the issuance of a letter of credit, the authorization to procure the necessary foreign exchange or even that the price will finally be paid. Of course, under article 49 the buyer is obligated to see that the price is paid, an obligation the consequences of which he may be relieved in part by the exemption provision in article 65.

4. Nevertheless, the buyer is obligated to take all the appropriate measures to persuade the relevant Governmental authorities to make the funds available and cannot rely on a refusal by those authorities unless he has taken such measures.

5. The major significance of article 50 lies in the fact that taking such steps and complying with such formalities as may be required to enable payment to be made is considered to be a current obligation, the breach of which gives rise to remedies under articles 57 to 60, and is not considered to be "conduct in preparing to perform or in actually performing the contract", which may give rise to questions of anticipatory breach under articles 62 to 64.¹

¹ The quoted words are from article 62 (1).