

The Newest Edition

International Trade Practice

国际贸易实务

王芬 编著



中国商业出版社

International
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前言

随着我国加入 WTO 后过度和世界经济全球化进程的加快,我国的进出口贸易发展突飞猛进,因此,加快国际贸易人才的培养和提高国际贸易从业人员的英文水平已成为迫在眉睫的重要任务之一。

国际贸易实务英文版编写的目的主要是使已经有一定英文基础的人士学会怎样开展具体的进出口业务工作,尤其适用于目前从事外经贸工作的人员和将来有意从事进出口业务的人员学习参考。

编者从事过多年的进出口业务工作,有着丰富的外经贸实际工作经验。在参阅了许多国内外学者编写的书刊资料的基础上,结合自己外贸工作和教学经验,历时三年,整理编写出此书。

本书内容包括进出口业务流程的介绍、国际贸易术语、商品交易条件、国际货物运输和保险、国际支付、检验检疫、索赔、不可抗力、仲裁、国际贸易谈判等方面的内容。附件部分包括联合国国际货物销售公约、销售合同、信用证、我国法定计量单位及换算表、联合国危险品运输标识、国际货物运输指示性标识、中外主要船运公司和世界主要银行等方面的内容。

本书最大的特点是内容真实、实用性强。特别是本书中增加了许多近几年来外贸进出口公司的实际业务资料,其中包括典型案例、铁路、航空运输、出入境检验检疫、认证认可等方面的内容。

在本书编写的过程中得到了山西财经大学国际贸易学院院长吕春城教授的鼓励和支持,并经山西大学外语学院研究生导师杨德友教授审阅。在这里真诚地感谢给予提供资料的同学、同事、好友成秉照、蓬小东、巩晋民、朱丽萍、晚明、武卫明等。最后还要感谢我的父母、丈夫和孩子在本书的编写和校对过程中给予了很大的支持和帮助。

由于水平有限,时间仓促,编写中难免有纰漏或不当之处,敬请广大读者和同仁不吝赐教,多提宝贵意见,以使这本书更加充实详尽。

编者

2007 年 4 月于太原

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Chapter One General Introduction to International Trade

One of the main reasons why nations begin and continue to trade with each other is the uneven distribution of resources around the world. The second reason is that different countries have different demands for goods and services that can be learned from different tastes, preferences and consumption patterns. International trade has played an important role in world history as well as economy but there are still many problems affecting international trade, among which the most common ones include cultural problems, monetary conversion, trade barriers etc.

I . Function of International Trade

Trading is one of the most basic activities of mankind. It has existed in every society and every part of the world.

International trade is the process of exchanging goods or services between two or more countries, involving the use of two or more currencies.

It can be further explained that it is the international trade that produces the world. First, it is carried out between two or more nations or beyond national frontiers, it is invariably subject to political, social, economic and environmental policies introduced by nations from time to time. Second it is the use of different currencies with their inherent exchange rate differentials: the terms of trade or alternatively the balance of trade which produces a favourable result in some countries but is unfavourable to others.

II . Definition of International Trade Transaction

An International trade transaction refers to the import or export of cargo or service from one country to another. Usually an import or export business can be divided into two groups: one is based on a contract for the international sale of goods, the other is based on the supply of manpower and techniques to another country such as the construction of plants and the transfer of some advanced technologies.

III. Classification of International Trade

Since international trade involves a wide range with complex nature, it has a lot of classification.

1. According to the transfer direction of international cargo, it can be divided into export

trade, import trade and transit trade.

Export trade refers to the process of earning money by providing the right product at the right price at the right time in the right place beyond the home boundary. The purpose is to make sure that the exporter is to be paid for the commodities he sells. That is to say, export trade refers to the action of sending goods to a foreign country to be sold.

Import trade refers to the process of buying the right commodity at the right time with the reasonable price from foreign countries. The final purpose is to ensure that this commodity is worth buying by the importer. That is to say, import trade means the action of importing goods to the home country to be sold.

2. According to the different form of international cargo, it can be grouped into tangible cargo trade or visible cargo trade and intangible cargo trade or invisible cargo trade.

Tangible cargo trade means the exact cargo which is exported or imported between the two countries such as food, chemical products, live animals which can be seen clearly from outside.

Intangible cargo trade refers to services which are paid for in foreign currency or earn foreign currency without actually selling a product such as banking and tourism.

3. According to the delivery way, it can be classified into trade by road, trade by sea, trade by air and trade by mail order¹.

Trade by road means that the international cargo between adjoining countries is usually conveyed by railway or road and carriage and so on such as the trade between China and Mongolia.

Trade by sea refers to international goods which are transshipped by sea vessels with bottom freight and large carriage as its outstanding features.

Trade by air refers to the international cargo which is transported by airliner. It is very suitable for some urgent or seasonable and expensive goods with small quantity.

Trade by mail order means the international commodity which is sent by post parcel such as some small quantity samples.

4. According to the payment instrument, it can be separated into trade by free settlement² and barter trade³.

¹ 邮购贸易

² 自由结汇方式贸易

³ 易货贸易

Trade by free settlement means that the settlement instrument is the currency or cash in international trade. The main currencies used nowadays are Eur, USD, British Pound, and Hong Kong Dollar which are also called hard currencies.

Barter trade refers to the settlement instrument in international trade is the cargo itself which is evaluated already. This kind of trade is usually conducted under the barter agreement between the two countries.

5. According to whether a third country is concerned or not, it can be categorized into direct trade, indirect trade and entrepot trade¹.

Direct trade refers to the direct international business concluded between the import and export countries.

Indirect trade means that the international business is made between the import and export countries with the help of the third party who is in the third country.

Entrepot trade means the exporting of imported goods.

IV. Features of International Trade

Generally speaking, there is no difference in nature between international trade and national trade. But since there exist language cultures, law systems, customs and economic development levels in the world, there are some great difference between these two kinds of trades. The main features of international trade lie chiefly in the following:

1. Bigger difficulties of managing international trade

(1) Different demands

International trade involves international cargo distribution, thus different countries may have different demands for types of commodities, specifications, designs and so on.

(2) Different languages

There are 197 countries in the world and among which 165 countries have established foreign diplomatic relationship with China. And it is reported that there are more than 5651 languages and among which 13 languages are more often used including Chinese, English, Russian, Spanish, Germany, French and so on. Thus English is regarded as the international business language that should be learned well.

(3) Different trade laws and systems

¹ 转口贸易

There are different trade laws and systems in the world now. National trade law and relevant new regulations should be well-acquainted and foreign trade laws and regulations such as various kinds of customs regulations should be fully understood, too.

(4) Different customs

In the course of international business, sometimes misunderstandings or disputes may arise because of the different commercial customs and habits. For example, any lotus design cannot be allowed in Japan. So every businessman should get to know something about the commercial customs and habits of a particular country.

(5) Different currencies

Most countries have their own currencies just as their own languages. But in international trade settlement US dollar, Eur dollar, British pound and Hong Kong dollar are used more often. So foreign exchange fluctuation and conversions should be known well.

(6) Other difficulties

In addition to the above mentioned, there are some other difficulties in international business world such as abroad market investigation, credit inquiry, complex procedures of international cargo transportation and insurance and their covering international trade rules and practices and trade barriers¹ etc.

2. Larger risks of managing international trade

There are a lot of risks coming from international trade since it involves more people and long distance transportation. The summarized risks are listed below.

(1) Credit risk²

It refers to the risk of nonperformance or postponement of performance of contract. For the buyer, it means the nondelivery of goods of the seller, postponement of delivery or the shipped quality and quantity which are not in accordance with the contract and so on. For the seller, it means the nonpayment of the buyer, postponement of making payment, failure to open L/C and so on.

(2) Foreign exchange risk³

It is also called exchange risk that means the contracted price currency has been

¹ 贸易壁垒

² 信用风险

³ 外汇风险

changed a lot since the conclusion of the contract. Usually the longer time, the bigger risk. And this risk also includes foreign exchange transfer risk¹ that means the foreign exchange cannot be remitted abroad because of insufficient foreign exchange or government control of foreign exchange.

(3) Political risk

Political risk means one which results in nonperformance of international contract because of political uncertainty or statutory changes in a certain country.

(4) Transportation risk

This kind of risks refers to those which may occur during international cargo transportation such as the goods fell into the sea because of unusual accidents happened to the conveying vessel.

(5) Price risk

International market price fluctuation always poses threat to both the seller and the buyer. If the price goes down after the signature of the contract, it is bad for the importer and if the price goes up, it is not good for the seller

(6) Product liability risk²

Product liability risk usually comes from the finished product of the manufacturer, which actually has brought harm to the third person, so the supplier of the product has the responsibility to make compensation for this particular person.

V. Export and Import Transaction Procedures

1. Parties involved in export and import trade

The parties who are involved in an export and import transaction are numerous and are described variously.

(1) The seller who provide the commodities;

(2) The buyer who purchase the commodities;

(3) The shipping company or agent who is responsible for the transportation of the commodities;

(4) The import and export banks who are in charge of the international payment

¹ 外汇转移风险

² 产品责任风险

including opening bank, advising bank, remitting bank, collecting bank, reimbursing bank, paying bank, negotiating bank and so on;

(5) The insurance company who insures the commodities for the seller or the buyer;

(6) The Customs Administration of the People's Republic of China who is providing for customs service and responsible for duties on imports or exports and some other taxes.

(7) The State General Administer of the People's Republic of China for Quality supervision and Inspection and Quarantine or the China National Import and Export Commodity Inspection Corporation who is liable for inspection of export and import commodities in China;

2. General export and import transaction procedures

(1) Export transaction procedures

① International market investigation

International market investigation is a process of conducting research into a certain market for the promotion of a particular product. Any exporter who wants to sell his products in a foreign country must study a given market abroad to determine the needs of that market and the methods by the products can be supplied. This is also the first step to do business internationally.

② Development of foreign clients

Since the international market investigation is completed, the exporter can make the decision of the object market and begin to seek for the potential customers of his products. Generally, he can develop his own business partners from many ways such as making advertisements, obtaining the help of the chambers of commerce and commercial counselor's offices or foreign business houses of the same trade and so on.

③ Posting letter of proposal¹

This is third work that has to be made by the exporter after he has decided his potential clients. Posting letter of proposal means that he sends this letter to express his wishes to establish business relation with this particular person with general trade terms, catalogues and price list enclosed.

④ Financial standing investigation

¹ 寄送招商函

Before the conclusion of the international business, it is the most important step is to do the financial standing investigation that can be obtained with the help of the international correspondent banks. This is also regarded as one of the most essential and necessary works in international trade.

⑤ Making quotation

Quoting the price is no easy work for the exporter. He has many ways to promote his products. For example, he can send quotation, price list and samples to his foreign customers directly. After many rounds of negotiation by correspondence, this quotation will be confirmed by the buyer, which means that the conclusion of business is finished.

⑥ Building the contract

An international transaction usually starts from negotiation on trade terms that provides details of the transaction and determines the rights and obligations of both the importer and the exporter. Once this agreement is signed, all the terms should be strictly observed. In generally, an international sales contract must be made in written form.

⑦ Acceptance of L/C

If payment is to be made by L/C, the importer is required to open the L/C in time, e.g. 30 days or more before the date of shipment, depending on the nature of the particular international sales contract. The L/C should be securitized item by item against the sales contract by the exporter first. Only when all the terms in the L/C are in agreement with those stipulated in the contract, can the goods be shipped. If there is any discrepancy, it must be amended before shipment.

⑧ Getting goods ready for shipment

The goods to be exported must be ready for shipment in time. A great deal of preparation must be coordinated such as marketing, scheduling, production and shipping. The quantity, quality, packaging and marking of the goods must be remembered clearly to keep the same with stipulations in the international sales contract.

⑨ Applying for export license

There are some countries in the world that have export controls on certain merchandise. To export these merchandises, exporters must obtain export licenses from the government. So an exporter should confirm before business negotiation if he is in a position to obtain such a license.

⑩ Transportation arrangement

Under the CFR or CIF contract, it is the seller who is liable to arrange shipment which includes booking shipping spaces or chartering vessels based on the provisions of the contract or L/C, and then shipping order will be given by the shipping company against which export declaration and customs clearance can be made.

⑪ Effecting cargo insurance

In international trade there are a number of risks which will make businessmen suffer financial losses. Cargo in transit may be damaged due to breakage of packing, clash or fire are some good examples. Appropriate insurance coverage must be arranged before delivery because insurance itself is a process for spreading risks. In return for premium by the insured, the insurer will agree to compensate the insured in the event of losses during the period of insurance.

⑫ Export inspection

Sometimes the export goods fall within the statutory inspection range, the exporter should apply for commodity inspection before shipment and obtain the relevant inspection certificate which usually has a validity period. If the validity period is passed, another one is needed before delivery. If the contract or the L/C stipulates that the goods need to be certified by surveyor, then the exporter should invite the inspection company to inspect the goods in order to have the survey report.

⑬ Export declaration¹ and customs clearance

Export declaration refers to some certain customs forms must be filled in first and accompanied by appropriate documents such as commercial invoice, export license, copy of the sales contract and inspection certificates, etc. for clearance the export to the customs. Once the goods are cleared, shipment can be made. Sometimes such kind of work can also be entrusted to a customs house broker² or customs broker by the exporter.

⑭ Sending shipping advice

No matter what kind of trade term is used in international sales contract, sending shipping advice after shipment is very important especially under FOB basis. The buyer is to take out insurance against this shipping advice. In general practice it is to be effected within 48 hours of shipment together with copy of shipping documents. The purpose of which is to inform the buyer of the particulars of taking delivery in near future.

⑮ Making out documents for presentation

¹ 出口报关

² 报关代理行

After shipment is made, the documents will be made out and presented to the negotiating bank within L/C validity by the exporter. They must be completed in accordance with the L/C terms such as types of documents, number of originals and copies, items of the documents, etc. with absolute accuracy and clarity including spellings. The documents for presentation often include bill of exchange, invoice, packing list, bill of lading, insurance policy, certificate of origin and some other kinds of certificates of inspection.

⑩ Collection, verification and writing-off of export proceeds in foreign exchange and tax reimbursement

According to the regulations of China Foreign Exchange Administrative Bureau, China export enterprises should take out procedures in time of collection, verification and writing-off of export proceeds in foreign exchange ¹ and tax reimbursement ² after shipment and presentation of documents.

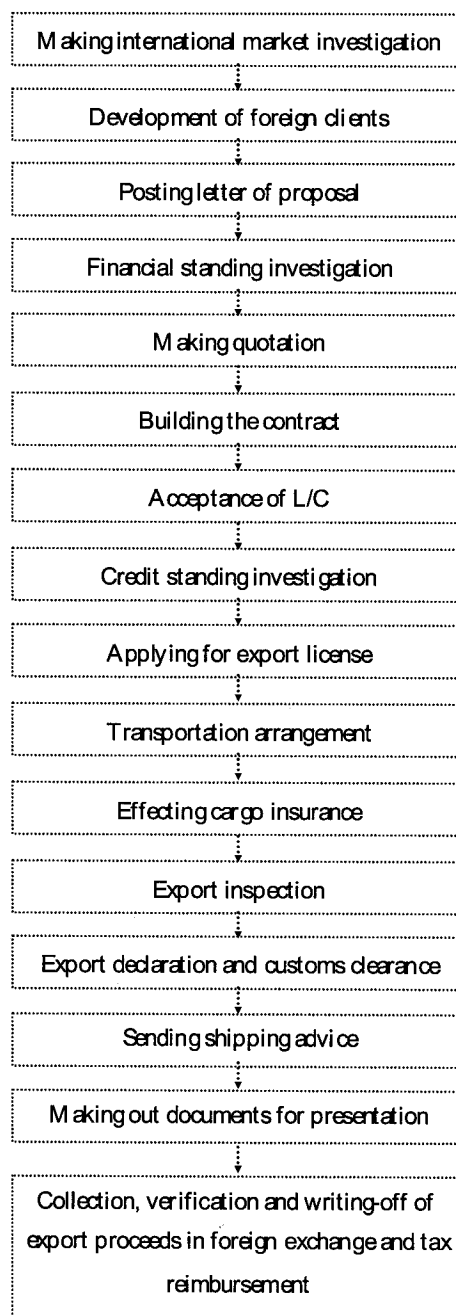
(2) Import transaction procedures

① Making international market research

The first step for the importer to do is to make international market research. He has to understand well where he can purchase the right goods with good quality and reasonable price if he has an intention to import some cargo from abroad.

② Searching for the exporters

Table 1 Export Transaction Procedures



¹ 出口收汇核销

² 出口退税

After making international market research, the importer can compare the information he has got, choose the favorable market and then seek for the potential exporter in this particular market to conduct business in the future.

③ Credit standing investigation

It is very important for the importer to have credit standing investigation before coming to the terms. Usually it can be done with the help of the international correspondent banks in order to avoid the credit risk in the execution of contract. For instance, some exporter will deliver inferior goods or make out false documents for cheating the importer of his money. That's why good business partner must be selected in international trade.

④ Inquiry

The importer will analyze and compare the received quotations, catalogues and samples of good clients after the credit standing research. If there is any item which has drawn his attention, he will send out his inquiry for the first time, requesting the opposite to supply relevant information on quality, quantity, price, delivery and payment terms of his particular interested commodity.

⑤ Acceptance

Acceptance is followed after inquiry. If the importer feels satisfactory of all the terms given by his opposite, he can confirm his acceptance. Otherwise he may suggest his own terms or make counter offer until the business negotiation is finalized.

⑥ Formation of contract

The purpose of formation of contract is to provide the legal document for future performance. It mainly covers the information of both the seller and buyer and all the trade terms such as description of goods, quality, quantity, price and delivery. As far as the import contract is concerned, it means that the contract is drawn up by the importer and countersigned by the exporter.

⑦ Application of import license

An import license system may be used in many countries for import controls. An import license must be obtained from the government by the importer before an import business is started. This is particularly important because the negotiation itself would involve considerable cost.

⑧ Application of establishing L/C

If L/C is to be used for payment, it should be opened in time in favor of the

exporter by the importer. The L/C application should be made to meet with the import contract terms. Otherwise, the amendment to the L/C is needed which will certainly cause additional costs and shipment delay. If the amendment request is reasonable, the importer will make amendment accordingly with the amendment fee borne by the exporter.

⑨ Making payment and obtaining documents

Making payment is one of the basic obligations of the importer. As long as he makes payment, he can obtain the shipping documents from the bank and be prepared for taking delivery when his ordered goods arrive at the destination.

⑩ Application for import inspection and quarantine

If the imported goods fall within the statutory inspection range, the importer should apply for commodity inspection after the goods arrive at the destination port and obtain the relevant inspection certificate which is considered as one of the necessary documents of import declaration.

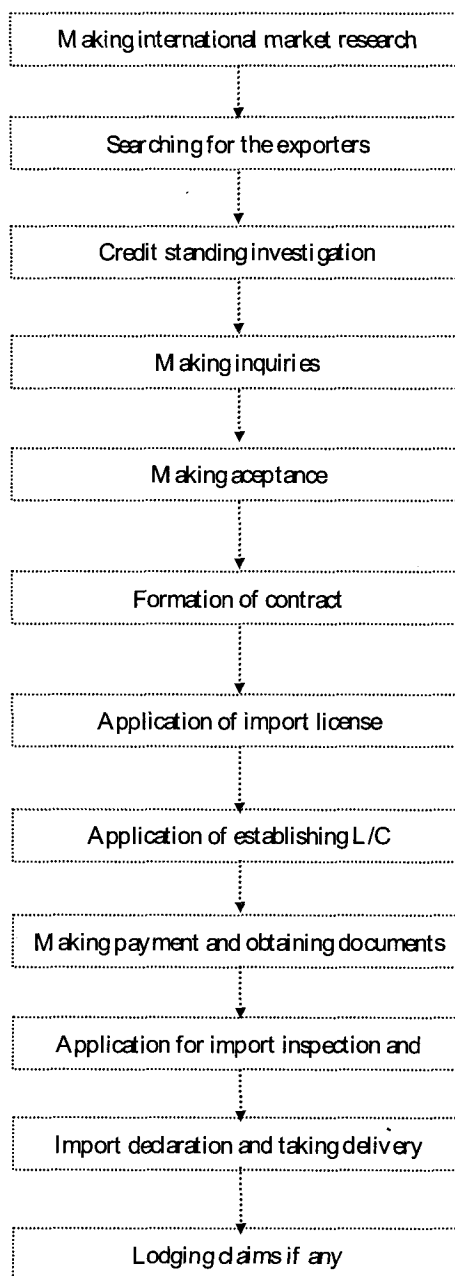
⑪ Import declaration and taking delivery

The imported goods must be cleared through the customs. Some customs forms must be filled out first. Then After the examination of the imported goods by customs officer against the documents, the importer can take delivery.

⑫ Lodging claims if any

In spite of the very careful performance of an import contract, sometimes complaints or claims or disputes may arise because of

Table 2 Import Transaction Procedures



wrong quantity, or insufficient amount and so on. All these will be connected and solved among the parties concerned.

In case such a claim or complain or dispute cannot be settled between the parties involved through negotiation, it should be submitted to arbitration. It is advised clearly that arbitration is better than litigation, and conciliation is better than arbitration.

3. Other means involved in international trade

Usually international businessmen will use other means to conclude their import and export transactions.

(1) Sole distribution agreement¹

A sole distribution agreement involves the distributor abroad being granted sole or exclusive rights to represent the exporter. The agreement will involve the granting by an owner in particular territory of a form of intellectual property, such as a patent or a trade mark, to a licensee of a right to exploit that property in another territory. The advantage of this type of arrangement is that the licensee provides the capital needed and will carry the commercial risk of the transactions. There are two matters which should be noted in practice: the issue of quality control must be dealt with in the licensing agreement and the licensor should hold the right to test samples of the goods produced under license in order to protect his own international reputation.

(2) Agency contract or agreement²

Transactions in international trading sometimes are not only handled by direct contact between buyers and sellers but also by means of agencies, especially for the newly established import and export companies and some small companies, because it will be more convenient and economical for them to do their buying and selling business through some agencies abroad.

In the practice of appointing an agent, the terms of agency are sometimes set out through correspondence between both parties. If dealings concerned are large on scale, a formal agreement or contract is advisable. The agreement or contract may be drafted by one of the parties in consultation with the other. The agreement or contract may include such matters as the nature and duration of the agency, territory, products, minimum purchase, trademark, sales promotion and other terms and conditions.

(3) Barter contract or agreement¹

¹ 独家经销协议

² 代理合同或协议