新世纪高校国际经济与贸易专业系列教材

International Business English — Theory and Practices

国际商务英语

——理论与实务

主 编 邹 勇

上海财经大学出版社

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西南财经大学商务英语精品课程

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——理论与实务

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前　言

世纪之交的世界，经济贸易全球一体化发展趋势正在不断加强，各国经济的相互渗透与依存，生产国际化、贸易自由化、金融一体化已成为一个重要的时代特征。在我国大力发展对外贸易、积极有效地利用外资、全面推进国际经济贸易合作的大局下，社会上对既有专业知识又能熟练运用英语的人才的需求也越来越迫切。有效地提高学生的实际语言运用能力，培养既有专业知识又能熟练运用英语的人才，使学生所学的知识跟上时代的节奏，符合社会经济生活的实际需要，已成为英语教育工作者的历史责任，也是日益发达的经济和社会发展的需要。

本书是一本立足于商务英语理论和实务的综合性教材，包括国际贸易、国际支付、商务洽谈和函电、船运、电子商务、会议准备等内容。

本教材课文大多选自有关国际经济贸易的原版书籍，部分选自英美报刊。本教材部分注解摘自国内权威资料。材料力求新颖，又有代表性，并能反映当代国际经济贸易的一些重大变化。

本书的主编曾亲自从事过进出口贸易工作，也在金融机构工作过，对进出口业务及商务谈判了解甚多，积累了丰富的实践经验，此前也编著了许多这方面的书籍，愿意和广大读者分享自己所掌握的进出口业务知识，为培养优秀的国际贸易商务人才做出贡献。

本书由西南财经大学经贸外语学院邹勇教授拟订大纲,并负责全书的总纂。本书编写是基于理论与实务的结合。读者可以通过该书了解最新的国际商务英语知识,并可以把这些知识用在工作和学习中。编写本书的具体分工如下:第一章至第三章由西南财经大学经贸外语学院陈泽泽编写;第四章、第五章由西南财经大学经贸外语学院邹勇编写;第六章由西南财经大学经贸外语学院张中强编写;第七章由西南交通大学外国语学院张永莉编写;第八章由成都大学师范学院外语系周怡乔、四川经济管理学院外语系周欣乔编写;第九章至第十章由西南财经大学经贸外语学院蒙华编写;第十一章由西南财经大学会计学院陈小丽编写;第十二章、第十三章由西南财经大学经贸外语学院杨焮茹编写;第十四章、第十五章由西南财经大学经贸外语学院栾宏琼编写。

为了方便使用这本教材的教师教学,作者愿意把与本教材有关的 Power Point 电子课件及每章的练习参考答案免费发送给大家。同时还可以提供试题及答案,具体可登陆上海财经大学出版社网站下载。

本教材能够顺利完成,要衷心感谢上海财经大学出版社王芳主任的大力支持。

由于编者水平有限,时间仓促,本书难免存在缺点与错误,恳请广大读者批评指正。

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邹　勇

2008 年 1 月于四川成都 · 光华园

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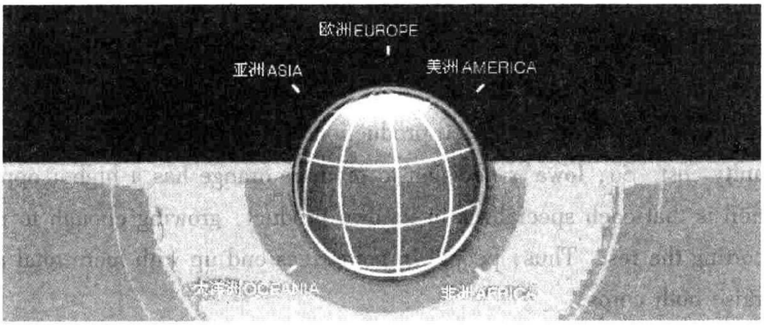
Chapter 1

Introduction to International Business

Introduction

Everybody deals with business everyday, which is because in today's economic world, neither individuals nor nations are self-sufficient. Nations have utilized different economic resources while people have developed different skills. This is the foundation of world trade and economic activity. In this chapter, we will give an overview of international trade and its new trend in the modern society.



1.1 International Business

What is International Business

International business is the worldwide exchange of goods and services among nations, generally using some form of currency as payment. Exports are goods trades sent out of a country, while imports are goods purchased abroad and brought into a country. A country also can export and import talent, patents, know-how, and skills.

In this definition, international business refers to two aspects, one is the international trade transaction such as the sales of goods and services; the other is the funds transfer as a result of some trade and non-trade transactions such as international lending and investment, international aids and grants, cross-border personal remittances.

Basic Concepts on International Business

The rationale for international business between nations centers around specialization, absolute advantage, and comparative advantage. Oranges are grown in Florida but not in Iowa. On the other hand, Iowa is hot, humid summers are ideally suited for growing corn. Each place specializes because of its unique soil and climate. But people in Iowa and Florida want both corn and oranges. In Iowa one could try to create an artificial environment for citrus trees, but the cost involved would make the fruit too expensive. Here, an economic theory is mentioned, that is opportunity cost. The decision to produce any goods or service has an opportunity cost, which is the amount of another good or service that might otherwise have been produced. Given a choice of producing one good or another, it is more efficient to produce the goods with the lower opportunity cost, using the increased production of that good to trade for the good with the higher opportunity cost. So, Iowa's decision to produce orange has a higher opportunity cost. The best solution is that each specializes in its own product, growing enough to meet the local needs and exporting the rest. Thus, people in both areas end up with more total product that if each tried to raise both corps.

Absolute advantage is the ability of a country to produce a special goods with fewer resources (per unit of output) than its trading partners. That is, it can produce those goods more cheaply than its trading partners. The country can then export a portion of those goods and, in turn, import goods that its trading partners produce more cheaply. If two trading partners have their own absolute advantage of a good that the counter partner wants, both will be better off if they specialize and trade. In the above example, we can see that Florida has absolute advantage in the production of oranges, while Iowa has the absolute advantage in production of corn. Trade is beneficial to both if they specialize in their own absolute advantage and make trade with each other.

Comparative advantage is the ability of a country to produce a specific good with the lower opportunity cost than its trading partner. The comparative advantage comes if each trading partner has a product that will bring a better price in another country than it will at home. If each country specializes in producing the goods in which it has a comparative advantage, more goods are produced, and the wealth of both the buying and the selling nations increases. For example, China has the comparative advantage in the production of the industry requiring a significant labor content such as textile industry and costume processing technology since China has plentiful of low-cost labor, while the United States has the comparative advantage in production of high-tech products and financial services since the United States commands considerable funds and an unlimited credit, and has a strong team of talents in science and technology.

If a country is less efficient than another in the production of both goods, there is still basis for mutually beneficial trade according to the theory of comparative advantage introduced and developed by David Ricardo and other economists in the nineteenth century. It states that if each country specializes in the products in which it has the greatest comparative advantage, trade will be beneficial to all concerned. For this theory, some points should be mentioned: the first is that trade will only take place if the opportunity costs differ. If they were identical, the exchange rate that would benefit both countries would not exist. The second is that we should take transport costs into consideration, and in practice they may be large enough to offset any potential gains due to the existence of different opportunity cost ratios. what is more, the comparative advantage is not a static concept. In the 19th century the UK had a substantial comparative advantage in textiles, but this had disappeared by the middle of the 20th century.

In the real world, it is found that it is rare that a country has the pure absolute advantage in the production of a product, so, the theory of comparative advantage is more reasonable and useful in dealing with the international business.

1.2 International Trade

International trade, also known as world trade, or overseas trade, is the fair and deliberate exchange of goods and services across national boundaries. From a broad sense, international trade includes the overseas trade of the countries all over the world. The scale of international trade to some extent reflects the development and trend of economic globalization.

International trade can be classified according to different criteria. The followings are the major types:

◆ **According to the Direction of the Movement of Commodity**

◇ Export trade

◇ Import trade

◇ Transit trade

Due to some special geographical position or time and cost-saving, commodities is sent into the buyer market by passing through the frontier of a third country. This kind of trade is transit trade for the third country.

◆ **According to the Nature of Commodity**

◇ Commodity trade/ visible trade/ tangible trade

◇ Service trade/ invisible trade/ intangible trade

◆ **According to the Relationship of the Immediate Parties**

◇ Direct trade

In international trade, if the producing country sells their goods directly in consuming country, and meanwhile the latter is willing to purchase it from the former, this kind of trade is direct trade. There is no a third country involved. In this situation, the export country is producing country and the import country is the consuming country.

◇ Indirect trade

Due to some political or geographical reasons or another, the producing country and the consuming country are not able to make trade. Instead, trade is conducted through the third trading party, this kind of trade is indirect trade.

◆ **According to the Method of Payment**

◇ Spot exchange trade

◇ Clearing account trade

◇ Barter trade

Besides these types, international trade also can be classified according to different places of the trading parties as bilateral trade, triangular trade and multilateral trade; and according to the mode of transportation classified as trade by roadway, trade by seaway, trade by airway, trade by mail order, trade by pipe and trade by multi-modal transportation; according to the trade policy in different countries classified as free trade, protective trade, control trade and management trade, etc.

Why Import and Export

International trade, the exchange of goods and merchandise between nations, takes place for many reasons.

The first is that no nation has all of the commodities that it needs. Raw materials are scattered around the world. Large deposits of copper are mined in Peru and Zaire, diamonds are mined in South Africa and petroleum is recovered in the Middle East. Countries that do not have these resources within their own boundaries must buy from countries that export them.

The second is that foreign trade occurs because a country often does not have enough of a particular item to meet its needs. Although the United States is a major producer of sugar, it consumes more than it can produce internally and thus must import sugar.

The third is that one nation can sell some items at a lower price than other countries. Japan has been able to export large quantities of radios and television sets because it can produce them more efficiently than other countries. It is cheaper for the United States to buy these from Japan than to produce them domestically.

Finally, foreign trade takes place because of innovation or style. Even though the United States produces more automobiles than any other country, it still imports large numbers of autos from Germany, Japan and Sweden, primarily because there is a market for them in the United States.

Unique Problems in International Trade

There are some unique problems in international trade and companies doing business overseas must be aware of them. In particular, these include cultural problem, monetary conversion, and trade barriers.

◆ **Cultural Problems**

When companies do business overseas, they come in contact with people from different cultures; these individuals often speak different languages and have their own particular customs and manners.

For example, in France, business meeting begin promptly at the designated time, and everyone is expected to be there. Foreign business people who are tardy are often left outside to cool their heels as a means of letting them know the importance of promptness. Unless one is aware of such expected behaviors, he may end up insulting the people with whom he hopes to establish trade problems.

◆ **Monetary Conversion**

A second traditional problem is monetary conversion. For example, if a transaction is conducted with Russia, payment may be made in rubles. Of course, this currency is of little value to the American firm. It is, therefore, necessary to convert the foreign currency to American dollars. How much are these Russian rubles worth in terms of dollars? This conversion rate is determined by every market, where the currencies of countries are bought and sold. Thus there is an established rate, although it will often fluctuate from day to day.

◆ **Trade Barriers**

A third unique problem is trade barriers. For one reason or another, all countries impose trade barriers on certain goods crossing their borders. Some trade barriers are directly related to exports. For example, the United States permits strategic military material to be shipped abroad only after government permission has been obtained. Most trade barriers, however, are designed to restrict imports. Two of the most common import barriers are quotas and tariffs.

A quota is a quantitative restriction that is expressed in terms of either physical quantity or value. For example, a quota states that no more than 50,000 Class A widgets that may be imported from Europe each year is a restriction stated in terms of physical quantity. Meanwhile, a quota that restricts the importation of a certain type of Japanese glassware to no more than $ 1 million worth a year is stated in terms of value.

A tariff is a duty or fee levied on goods being imported into the country. These tariffs can be of two types: revenue and protective. A revenue tariff is designed to raise money for the government. These tariffs are usually low. A protective tariff is designed to discourage foreign business from shipping certain goods into the country. The basic reason for a protective tariff is to keep out goods that will undersell products made in the home country. For this reason, protective tariffs are often very high, thereby forcing the foreign business to raise its price to cover the tariff.

1.3 International Settlements

What is International Settlement

International settlement is a financial activity conducted among different countries in which payments are affected or funds are transferred from one country to another in order to settle accounts, debts, clams, etc. emerged in the course of political, economic or cultural contacts among them. As everyone knows, most of the international payments originate from transactions in world trades. To be more specific, international payments and settlements may arise from:

◇ Commercial settlements, that is, trade payment

◇ Payments for the services rendered

◇ Payments between governments

The government of one country may make payment to that of another country for political, military, or economic reasons, such as extending loans, giving aids and grants, providing disaster relief, etc.

◇ Transfer of funds among countries

Following the general trend of capital internationalization in the world, capital is usually exported or imported among developing countries by way of making investments, issuing loans, etc.

◇ Others

Other international payments such as overseas remittances, educational expenses, inheritance, etc. should also be settled among countries.

International settlement centers on payment methods which in turn cover those major items as sales amount, currency used and how to make or collect payments for each individual transaction. Thus, international settlement is also called payment terms or payment methods in a sales contract in international trade. Also, as traders are located in different countries and regions, payment in modern international settlement are not made against cash payments directly between the traders themselves. Rather, payments are made via banks against various financial instruments and/or different commercial documents in the process of settling payments. In other words, payments cannot be effected or payment methods cannot be realized without the participation of the financial instruments and/or commercial documents. So we can say that payment methods, financial instruments and commercial documents are the three important and closely related parts in international settlement.

Methods of payments can be divided into remittance, collection, factoring, letter of credit and letter of guarantee, each with several subdivisions. Actually, different payment methods require different combination of financial instruments and payment documents, with the result that not only payments are effected, but also the time of making payments can be chosen to be made before, after or at the same time of the delivery of the goods. As a result, modern international settlement has offered the traders with choices so that they can select different payment methods in accordance with the nature of the transaction, the market condition and the credit-granting of the seller and that of the buyers.

Financial instruments mainly refer to bills of exchange, cheques and promissory notes. The word "financial" implies that these instruments are made for the purpose of effecting payments. In general terms, they are the orders given to the bank by one trader who asks the bank to make/collect payments to /from the other trader. When such orders are performed by the bank, funds are successfully transferred from the buyer to the seller.

The major types of commercial documents are commercial invoice, packing list, bill of lading, insurance policy, inspection certificate and certificate of origin, etc. various commercial documents will signify whether the responsibilities regarding the production, packing, shipment and/or insurance of the goods have been fulfilled by the traders. As these documents are not made directly for the purpose of effecting payment, they are referred to as commercial documents.

Evolution of International Payments and Settlements

The evolution of international payments and settlements witnesses the new characteristics of international payments and settlements in current days. There are five important characteristics of modern international settlement among the evolution.

◇ Instruments are widely used in international settlement. As a result, international settlement has evolved from cash settlement to non-cash settlement.

Before the sixth century B. C., goods were exchanged between traders in different countries on a barter basis. Then a medium of exchange was used in the form of coins in the beginning of the fifth century B. C., thereby ending the barter transactions. These coins were measured and exchanged by weight and fitness among trading countries for settling international payments, since then the international payments were effected by shipping precious metals taking the form of coins, bars or bullions to or from the trading countries. This was the so-called cash settlements.

However, the shipments of gold or silver across national boundaries were both expensive and risky. Freight costs were high, the risk of being lost, stolen or robbed was omnipresent and what is more, the speed of transferring funds would depend on the speed of transportation facilities, which would often slow down the turnover of funds. From the thirteen century A. D. onwards, bills of exchange were created, gradually taking place of coins in international payments