诸葛霖　编著

TECHNIQUES OF FOREIGN TRADE

对外贸易实务英语读本

修订本

对外经济贸易大学出版社

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前　言

《对外贸易实务英语读本》的编写目的是使读者初步学会怎样做好进出口业务工作。它适用于从事对外经济活动的干部，尤其是外贸工作者，并可供对外经济贸易、财经、财贸、金融、企业管理等大专院校学员学习与参考之用。

编者参阅了国际组织和国内外学者撰写的书刊资料，结合中国对外贸易的实际，尤其是近几年来的新事物、新做法、新法规，新制度和新机构，用简明易学的外贸业务常用的英语整理编写四十一章。内容比较广泛，可供一学年学习之用。

本书内容包括进出口策略、市场销售、贸易条款、灵活多样的贸易方式、包装装潢、出口单证、运输、保险、国际支付、商业信贷、进出口程序、发盘、接受、成交、成本计算、贸易合同、业务进程、商品检验、技术转让、商标、专利、仲裁、出口许可证、企业组织、国内外专业人员和机构等等专题。

在编写过程中，本书编者得到对外经济贸易大学孙维炎校长的鼓励和支持并经广州外贸学院院长石畏三同志审阅，国际贸易促进会法律事务部顾问周泰祚先生和美籍专家瓦尔庚博士精心校阅，上海外贸职工大学蒋耀宗同志为出口单证和运输的编写提供了资料和意见，经贸大学英语教师张勇同志积极合作，编写有关营销学知识的章节(第 2 到 7 章)，为此表示衷心的感谢。

由于编者的业务与英语水平有限，错误与缺点在所难免，还望海内外专家和读者批评指正。

诸葛霖

1992 年春于经贸大学

CONTENTS

Section 1 The Importance of Developing Export Trade ······ (1)
Section 2 Exporting What Is It All About? ··············· (11)
Section 3 Finding Markets for Products ····················· (19)
Section 4 The Export Product ······························· (30)
Section 5 Setting Export Prices ······························ (38)
Section 6 Marketing Channels and Customers ·············· (47)
Section 7 Export Marketing Communications ··············· (58)
Section 8 Export Procedures A Broad Outline ············ (68)
Section 9 Export Documentation ·························· (74)
Section 10 Packing for Shipment ·························· (79)
Section 11 Ocean Freight ······································ (86)
Section 12 Types of Bill of Lading ························· (98)
Section 13 Air Freight ··· (109)
Section 14 Unitization ··· (120)
Section 15 Multi-modal Transport ························· (126)
Section 16 Terms of Delivery ······························· (136)
Section 17 The Three Popular Trade Terms ·············· (148)
Section 18 Quoting a Price ··································· (166)
Section 19 Business Contract ································ (177)
Section 20 Export Costing ···································· (187)
Section 21 Getting Paid ······································· (197)
Section 22 Documentary Credit ···························· (206)
Section 23 Types of Letter of Credit ······················· (213)

Section 24 Documentary Collection ························ (223)
Section 25 Processing a Collection ························ (234)
Section 26 Export Finance ································· (240)
Section 27 Financing Techniques ··························· (254)
Section 28 Cargo Insurance ································ (278)
Section 29 Commodity Inspection ··························· (291)
Section 30 Export Licencing System ························ (299)
Section 31 Executing a Sales Contract ····················· (304)
Section 32 Various Forms of Flexible Trade ················ (317)
Section 33 Acquisition of Technology ······················ (332)
Section 34 Import Procedures ······························ (358)
Section 35 Trade Marks ···································· (366)
Section 36 Patent ··· (374)
Section 37 Arbitration ···································· (385)
Section 38 Office Organization ···························· (397)
Section 39 Functions of Specialists ······················· (414)
Section 40 Trade Facilitation Organizations ··············· (434)
Section 41 Economic Returns—Core of Techniques ············ (461)

Section 1
The Importance of Developing Export Trade

Imporance of Export Trade

The key to developing foreign trade of a country is the expansion of its exports. Without export, there can be no guarantee of fulfilling its import plan. Therefore, export trade is virtually the foundation of China's foreign trade. Only by exporting a part of her industrial and agricultural products, can China obtain adequate foreign exchange to purchase the necessary raw materials, advanced technology and equipment badly needed for her modernization programs. The main source of her foreign exchange income comes from the proceeds of export trade, which account for about 80%of her total foreign exchange income, while tourism, overseas Chinese remittance, shipping, insurance and other non-trade income account for 20%. When foreign capital in the form of investment and government loans can be obtained, they will be, in the final analysis, repaid mostly by export proceeds. It is obvious that in order to absorb more foreign funds, China must continuously increase her exports.

Exporting a part of the industrial products to foreign countries means that the Chinese products enter into competition with foreign products in the international market. Competiton can prompt the enterprises to improve the quality and increase the variety of their products, and to upgrade their product structure, thereby contributing to the technical transformation and restructuring of these industrial production. On the whole, it promotes industrial production. Exporting a part of agricultural products can increase the peasants' per capita income and promote the development of diversified agricultural economy, thereby giving impetus to the further development of various trades in the rural economy. More export paves the way for more import, and by developing foreign trade China can develop her national economy and realize her four modernizations at a good pace

Export Drive

As known to all, foreign trade is indispensable to any country, however developed it may be, let alone a developing country like China. Today, Japan, Britain, West Germany, France and the U. S. A. are going all out to develop export trade just as many other industrialized countries. Export, as an aspect in a country's foreign trade, is most important in that it exports to get the necessary foreign currency to pay for things it needs but cannot supply itself, or cannot supply adequately to meet the demands of its people and the needs of its national reconstruction. Being a socialist developing country, China needs to develop her national economy at a high rate, and has mapped out an ambitious plan of modernizing herself and quadrupling her gross national industrial and agricultural output by the end of this century. To achieve this goal, she must also launch an export drive that will provide more foreign exchange to import the necessary raw materials, technology and equipment and so on from abroad. Even after the set goal has been achieved, she will continue to import, probably, on a larger scale. There will be no occasion to retrograde to a sealed economy. Thus developing export trade is obviously not an expediency but a long term strategy.

Why Is the Balance of payments Important?

Sometimes a country can buy goods and services from abroad on a barter basis — by paying for them with the goods instead of money, although it is considered to be an outmoded method of international commerce. By and large barter trade is not enough to meet a country's import needs. Most foreign suppliers want to be paid in currency either in the currency of their own country or some other currencies with which they can purchase whatever they like. When a country's balance of payments is in deficit, it means that not enough foreign currency is coming into the country to pay for its purchases from abroad. If the deficit continues, sooner or later the country will find it cannot pay for its imports and have to cut them down. Under the circumstances, when the country deals with its international payment problems it will be very likely in an embarrassing position.

One way or another, it must take some necessary measures "to make the two ends meet."

(1) Import Restriction It may be possible for a country to reduce imports by cutting down on purchases of foreign luxury items and other goods which the country really does not need. But the scope for doing so is often very limited. Substantial cuts in imports are often very painful; they can reduce the standard of living and hold back economic growth. As a result, people may have to go without the goods they need and which cannot be produced locally. Factories may have to shut down or cut production because they cannot import necessary parts and materials. Unfortunately some of the development projects can be stopped or slowed down. Simply cutting down on imports may be necessary for a certain length of time, and may help alleviate the

difficult situation, but it is not a solution in the long run.

(2) Foreign Loans A country can make up for a deficit on its balance of payments by drawing on its reserves of gold or foreign currency, if it has any, and if need be, by borrowing from other countries or from international institutions. Besides, it may solicit outright grants from other countries though in relatively small amounts. Loans may be used to solve its payment problems within a short time but it has several drawbacks. First, loans must be repaid, and the interest payments can themselves become a burdensome outflow and reduce even further the amount of foreign exchange available for imports. Secondly dependence on grants from other countries can have unpleasent political consequences, The availability of such grants is very limited anyway. Thirdly a country's reserves of gold and foreign currency are bound to be limited; even if they are large they could not cover a deficit forever. China had some experience in this respect in the early 1980's.

It is clear that sooner or later a country has to get its foreign currency outflow and inflow more or less in balance. by reducing the outflows, or increasing the infolws, or by doing a bit of both.

(3) Import Substitution In the longer term, a country can put its balance of payments on a healthier footing by becoming self-sufficient in many categories of commodities. To achieve this many developing countries follow a policy of import substitution, such as India. This involves encouraging the production of imported products through such means as direct government investment or investment incentives coupled with high tariffs or other trade barriers to protect the new industries from import competition. It is obviously a good thing if countries can reach the point where they do not have to rely on foreign sup-

pliers for critical goods. But import substitution cannot really solve a country's balance of payments problems, because no country can produce everything that it needs or that its people would like to have. As a country develops. its import requirements actually increase, even if it does become self-sufficient in many products.

However inport substitution if well managed can achieve positive results beneficial to the overall development of its national economy. For instance China needs to have her own automobile industry, aeronautic industry, electronics industry etc. and build her own chemical fertilizer plants, iron and steel works, such as Baoshan Iron and Steel Complex and many other machine plants which are vital to the development of industry and agriculture and national defence. Import substitution can enable her to cut down on imports and hence on the outflow of foriegn exchange. However, if carried too far an import substitution policy can in all probability hold back a country's economic development. When domestic companies are protected by trade barriers from foreign competition they may have no incentive to operate efficiently, because they depend largely upon domestic sales rather than export. If they are geared to serve only the limited domestic market they may not be able to operate on an efficient scale of production. Consequently investment capital may be diverted to protected, inefficient industries. By erecting high trade barriers to protect its import substitution industries, a country can invite, though not frequently, retaliation by other countries, with the result that its exports suffer. Therefore a country should be circumspect in the course of implementing the policy of import substitution

(4) Export Expansion Instead of putting so much emphasis on import substitution it makes more sense for governments to balance it

with a policy of export expansion which is an outward-oriented strategy and sometimes is called export substitution. The idea is to join in what has been called the "international division of labour", where each country makes best use of its resources and concentrates on producing and exporting products in which it has a comparative advantage while buying from other countries the products they produce more efficiently.

With the increase of their export earnings countries are better able to pay for imports. But there are other reasons why a country especially a developing one like China should try to expand her exports, develop new export-oriented industries and seek new markets. The reasons are not far to seek.

(a) Increased scale of production

Through exportation, industries can increase the scale of their production thus increasing efficiency and lowering costs, eg, the textile industry and garment industry in Shanghai, Beijing and Qingdao. Wider market prospects can also justify the rapid development of some national resources through certain projects which would not have been feasible if based only on the local market. For example the minerals such as wolfram, antimony and tin might not have been developed on such a large scale if it were not for export.

(b) Economic growth

Development of export industry can create new employment and help stimulate economic growth. The apt example is the township enterprises in China. In recent years they have made remarkable achievements in supplying more and more good quality goods for export. In 1985, their exports amounted to 4 billion U. S. Dollars. Millions of farmers are now working in factories in the rural areas.

(4) Technological advance

Expansion and diversification also lead to improvement in the technological "know-how". Competition in international markets stimulates exporters to adapt their products to the needs of the market, often followed by the use of more modern technological processes and production methods. This has a dynamic effect on industry in the developing countries. These beneficial effects are not confined to production aspects. Greater knowledge is gained in marketing channels, personal selling and publicity. This can have a very beneficial effect on business efficiency in general.

(d) Better products

Another argument for export expansion is that competition in world markets stimulates domestic industries to produce better quality goods, a development which is also of benefit to people buying the same goods at home. It was reported that some of the township enterprises surprisingly won 6 gold medals for their excellent export commodities in international fair in 1985. In producing better quality goods the factories usually demand a higher level of skills so that the impact of export expansion also increases the level and the number of jobs.

How will business enterprises benefit by exportation?

The Chinese enterprises now begin to understand why exporting makes sense from the point of view of business enterprise, although most of them were accustomed to the way they ran their business according to the instructions received from the administrative bodies and did not concern themselves with marketing their products abroad and economic returns. It seems all the more important now than ever before for them to know why exporting is good not only for the country but also for the business enterprises themselves.

(1) Reducing unit cost

Business enterprises used to believe that export was unprofitable because they would have to sell goods at lower prices than domestic sales. Now this is not always the case especially after the recent adjustment of the exchange rate by the Bank of China; but even if it is not so profitable as in the home trade, the higher volume will often mean lower cost per unit of production- yielding overall greater profits.

(2) More stability

In single markets the demand for many products is very seasonal, for reasons of climate (eg, umbrellas). religion (eg, gifts) or economics (people may only be able to afford some things once a year). Sales to export markets will often fill in the seasonal "troughs " in demand, so that factories can be kept busy all the year through and cash-flow problems can be eased.

(3) Access to foreign exchange

In many countries only those companies that export are allowed foreign exchange to buy imported machinery and they are given preference in the allocation of licences to import modern technology and equipment and necessary materials. In China, the foreign trade corporations [FTCs] are allowed to retain a certian percentage of their foreign exchange earnings, say 80% of export proceeds, for them to import the necessary equipment and raw materials so that they can increase their production capacity or reduce their cost of production.

(4) Absorbing new ideas

If a company is exposed to new ideas from overseas markets, and if its products have to compete in world markets, it will improve every aspect of its operations. The important thing is to make their products suitable for changing overseas demands. The exporters must keep abreast with the technical progress of the world's manufacturing industry.

Summary

From the author's point of view, our strategy is to take full advantage of the favourable conditions in the socialist system when formulating export strategy. We may strive to keep the advantage of import substitution while overcoming its shortcomings. At the same time we must go all out to develop our export trade while avoiding any possible pitfalls. In short it is a policy of integrating import substitution with export expansion with emphasis placed on the following points:

(1) To adopt policies which promote the manufacture of industrial goods which have to be imported at present but which have the potential to be produced economically within the country in future with a view to reducing the volume of such imports. In agriculture China should further increase the production of sugar, rubber and other farm products which she has imported regularly from abroad in large quantities.

(2) To formulate rational industrial policies of differential treatment according to different conditions of industries and products. Products which do not find heavy demand in China but have great potential demand in overseas markets are to be developed to serve the export expansion strategy, geared to international market and supported by promotion policies. For instance, lately in the coastal provinces in China great efforts have been made to increase the production of pearls

and carpets mainly for export, which have been favourably received on international market.

(3) To exploit fully foreign resources and markets in developing the production of export commodities. The government should channel a certain amount of foreign exchange and other capital into supporting exports in the long term so that we can get adequate foreign exchange to import the necessary technology and equipment, raw materials, etc. It is worth mentioning that the Bank of China has made great contributions to the absorption of foreign funds and lend them to those enterprises which need them to import technology and equipment, and raw materials, and thus enhance their export capability.

In conclusion, developing export trade is China's long term strategy, so long as we adhere to the policy of opening to the outside world, which has been incorporated into China's Constitution.

Section 2
Exporting—What Is It All About?

Basic Concept of Exporting

Surprising as it may sound, there is no country in the world that can produce all the things it needs. In order to engage in effective production and reproduction, raw materials, equipment and technology that are not available domestically must be imported from abroad.

However, unless a country exports it will not have the foreign exchange to import the things it badly needs. Therefore, all countries in the world are intensifying their exporting activities in order to capture a large share of the competitive world market.

What is exporting, anyway? Exporting in the briefest terms, is the process of earning money, ie. foreign exchange by selling products and/or services in foreign markets. In order to fulfil this, an individual exporter, may it be a state owned corporation, a private incorporated company or even a one person proprietorship, must behave like any other seller who is marketing his products and/or services in his own country or abroad.

The exporter must provide the right product

in the right place

at the right time

at the right price

and he must make sure that he gets paid for the product.

Although the basic principles are the same for doing business at home or abroad, it is generally more complicated and difficult to sell o-