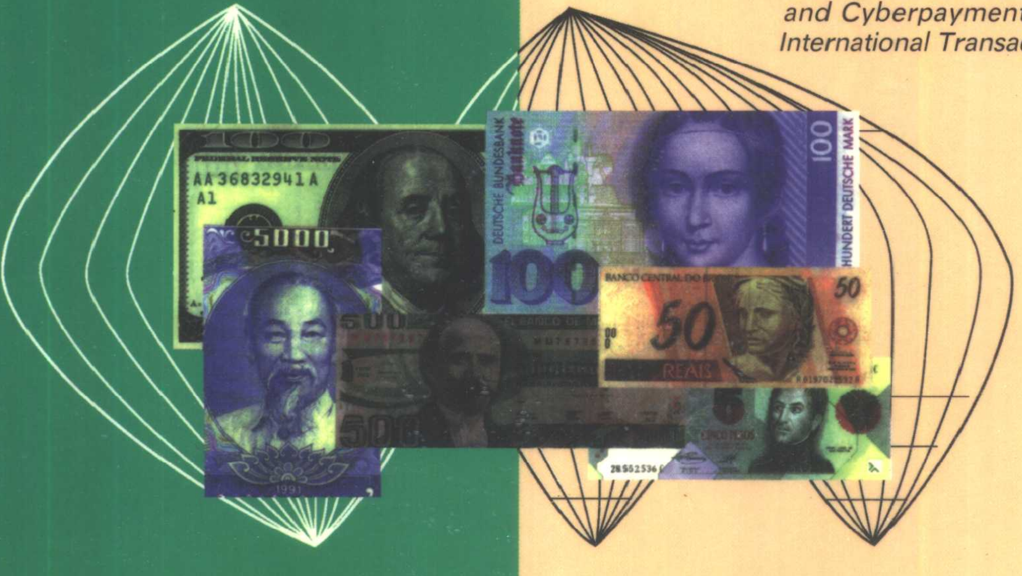
A SHORT COURSE IN

INTERNATIONAL PAYMENTS

THE SHORT COURSE IN INTERNATIONAL TRADE SERIES

国际商务简明教程系列——国际支付

Letters of Credit, Documentary Collections and Cyberpayments in International Transactions



EDWARD G. HINKELMAN

(北京)
73

上海外语教育出版社
外教社
SHANGHAI FOREIGN LANGUAGE EDUCATION PRESS

THE SHORT COURSE IN INTERNATIONAL TRADE SERIES
国际商务简明教程系列

International Payments
国际支付

Edward G. Hinkelman

上海外语教育出版社
SHANGHAI FOREIGN LANGUAGE EDUCATION PRESS

图书在版编目(CIP)数据

国际支付：英文/（美）辛克曼（Hinkelman, E. G.）著.
—上海：上海外语教育出版社，2000
（国际商务简明教程系列）
ISBN 7-81046-814-6

Ⅰ.国… Ⅱ.辛… Ⅲ.国际贸易-支付方式-高等学校-教材
-英文 Ⅳ.F740.45

中国版本图书馆CIP数据核字(1999)第16975号

图字：09-2000-028号

出版发行：上海外语教育出版社
（上海外国语大学内）
责任编辑：吴　狄

印　　刷：常熟市印刷八厂
经　　销：新华书店上海发行所
开　　本：787×1092　1/16　印张 12.25　字数 332 千字
版　　次：2000年4月第1版　2000年4月第1次印刷
印　　数：5 000 册

书　　号：ISBN 7-81046-814-6/F・059
定　　价：20.00 元
本版图书如有印装质量问题，可向本社调换

出版前言

当今世界经济全球一体化发展异常迅速。对许多国家而言，跨国商务在经济活动中的地位日益突出，了解国际市场并把握商机由此也显得极为迫切。

由上海外语教育出版社从美国世界贸易出版社引进出版的国际商务简明教程系列正合当前急需。本系列丛书的编写宗旨是：以全球性的眼光关注世界经贸活动，向全世界读者提供国际商务活动的理论、操作方法和案例。本丛书共有十三种，每种就一个主题进行深入浅出的讲解，介绍跨国商务的理论、实践与方法。丛书语言简明易懂，内容新颖实用，紧扣时代脉搏，并配有大量生动翔实的操作实例，能直接对实际商务操作起指导作用，是当前国内不可多得的原版商务教程。

在任何商品交易中，卖方最终都希望买方支付的款项能进入自己的帐户，而买方最终都希望自己付钱所购买的商品能到达自己的手中。因此，选择最佳的支付方式是交易成败的关键。《国际支付》一书正是为了满足买卖双方对林林总总国际支付方式的了解而编写的。作者在书中为读者介绍了四种常用的支付方式，并对跟单托收和跟单信用证这两种最常用的支付方式进行了详尽地解释。本书还腾出专门篇幅介绍了电子支付、国际贸易术语解释通则以及国际商业交易中常用的单据。

本书的读者对象为国际商业交易的买方、卖方，银行家以及对国际商务感兴趣的人士，也可作为外贸专业学生的专业课教材使用。

A SHORT COURSE IN

International Payments

How to use letters of credit, D/P and D/A terms, prepayment, credit and cyberpayments in international transactions

Edward G. Hinkelman

试读结束：需要全本请在线购买： www.ertongbook.com

WORLD TRADE PRESS®

Professional Books for International Trade A Short Course in International Payments, developed by World Trade Press, Novato, California USA,
Copyright © 1999 World Trade Press. All Rights Reserved.

A Short Course in International Payments
By Edward G. Hinkelman
Short Course Series Concept: Edward G. Hinkelman
Cover Design: Ronald A. Blodgett
Text Design: Seventeenth Street Studios, Oakland, California USA

Copyright Notice
© Copyright 1999 by Edward G. Hinkelman. All Rights Reserved.
Additional copyright notices:
ICC No. 460, *INCOTERMS 1990*, Copyright © 1990 by ICC Publishing S. A. All rights reserved. Reprinted with the permission of the International Chamber of Commerce through ICC Publishing, Inc., in New York.
Reproduction of any part of this work beyond that permitted by the United States Copyright Act without the express written permission of the copyright holder is unlawful. Requests for permission of further information should be addressed to Publisher, World Trade Press at the address above.

This edition of "The Short Course in International Trade Series—A Short Course in International Payments" is published by the permission of the Syndicate of World Trade Press, U. S. A.

Licensed for sale in the People's Republic of China only, illegal for sale elsewhere.

本《国际商务简明教程系列——国际支付》(重印本)由美国世界贸易出版社授权上海外语教育出版社出版,仅限在中华人民共和国境内销售。

INTRODUCTION

The past 10 years have seen a dramatic fall in trade barriers, the globalization of markets, and a huge growth in international trade. Companies of all sizes are seeking to take advantage of the opportunities in this new world economy.

International transactions, however, add an additional layer of risk for buyers and sellers familiar only with doing business in their domestic markets. Currency regulations, foreign exchange risk, political, economic, or social upheaval in the buyer's or seller's country, questions of payment, and different business customs may all contribute to uncertainty. Ultimately, sellers want to get paid and buyers want to get what they pay for. Choosing the right payment method can be the key to a transaction's feasibility and profitability.

This book is designed to help both buyers and sellers learn about international payment options. The relative merits of the four most common types of payments are explained, and the two most common options—documentary collections and documentary letters of credit—are featured. This book also contains chapters on cyberpayments, Incoterms 1990, a comprehensive glossary, and a section devoted to documents used in international transactions.

To learn more about payment methods read one or more of the publications listed in the resources chapter and consult with the international trade finance department of your bank.

Edward G. Hinkelman
San Rafael, California

ACKNOWLEDGMENTS

The author wishes to acknowledge the many bankers, freight forwarders, and international traders who gave their time to answer his incessant questions regarding the details of international payments and trade documentation. The book would have been impossible without their experience, expertise, and assistance.

Special thanks to the following:

Jeff Gordon and Britt-Marie Morris of Wells Fargo HSBC Trade Bank N.A. in San Francisco for answering questions and supplying a number of the forms used in this book.

The International Chamber of Commerce (ICC), ICC Publishing, and Rachelle Bijou, Director of ICC Publishing in New York, for permission to reprint Incoterms 1990.

Katrin Gretemer at SBC Warburg Dillon Read (Swiss Bank Corporation) in Zürich, Switzerland for permission to reprint a number of the forms used in this book.

Christoph von der Decken of Hapag Lloyd (America) Inc. in Piscataway, New Jersey and Susan Nalducci of Hapag-Lloyd (America), Inc. in Corte Madera, California for permission to reprint a number of the forms used in this book.

Karen Cross and Sandy Graszynski of Roanoke Brokerage Services, Inc. in Schaumburg, Illinois for permission to reprint a number of forms used in this book.

Vilva Kivijarvi at the Fritz Companies in San Francisco, California for permission to reprint a number of the forms used in this book.

TABLE OF CONTENTS

Chapter 1: KEY ISSUES IN INTERNATIONAL PAYMENTS 1

Chapter 2: INTRODUCING THE BUYER AND THE SELLER 5

Chapter 3: INTRODUCING THE BASIC TERMS OF PAYMENT 10

Chapter 4: FOREIGN EXCHANGE BASICS 16

Chapter 5: CONTRACT BASICS 19

Chapter 6: INCOTERMS 1990 24

Chapter 7: NOTES ON GRANTING AND OBTAINING CREDIT 29

Chapter 8: DRAFTS AND ACCEPTANCES 36

Chapter 9: DOCUMENTARY COLLECTIONS 38

Chapter 10: DOCUMENTARY CREDITS, PART 1 50
Basic Procedure

Chapter 11: DOCUMENTARY CREDITS, PART 2 67
Settlement (Making Payment)

Chapter 12: DOCUMENTARY CREDITS, PART 3 75
Standard Credits

Chapter 13: DOCUMENTARY CREDITS, PART 4 86
Special Letters of Credit

Chapter 14: DOCUMENTARY CREDITS, PART 5 101
Issues and Checklists

Chapter 15: SAMPLE BANK FEES 109

Chapter 16: DOCUMENTS 113

Chapter 17: DOCUMENT CHECKLISTS 149

Chapter 18: CYBERPAYMENTS 157

Chapter 19: GLOSSARY 165

Chapter 20: RESOURCES 182

CHAPTER 1

Key Issues in International Payments

THERE ARE SEVERAL broad issues that affect what payment method will ultimately be used in an international transaction. Every participant in the transaction must consider these issues, though they will affect each differently and to a different degree.

Even after these broader issues are resolved, questions will continue to be raised throughout the transaction. Therefore, careful consideration of these issues can make a transaction go smoother, keep costs to a minimum, and ensure timely and efficient delivery and distribution of goods.

Who Bears the Credit Risk?

In almost all business transactions the buyer would prefer to obtain easy, extended, and inexpensive (preferably free!) credit terms. Credit gives the commercial buyer the opportunity to resell the goods before having to pay for them. In many instances, the buyer will have a market for goods but not possess sufficient working capital to make an outright purchase and payment prior to their resale. Credit makes many such transactions possible.

At the same time, the seller has a different set of priorities. Having paid for product development, raw materials, component parts, labor, and overhead, the seller needs to get his investment back. The seller may not know the buyer or may not trust that the buyer is financially stable enough to make payment at a future date. International transactions are not as stable, secure, transparent, or reliable as domestic transactions and many things can happen between the time of the sale and the expected time of payment. For these and other reasons, the seller will always prefer to be paid immediately; either at delivery or even prior to delivery.

- BUYER/IMPORTER: Prefers that the seller bear the credit risk and wants to make certain that he receives the goods once he has paid
- SELLER/EXPORTER: Prefers that the buyer bear the credit risk and wants to make certain he receives payment for goods shipped

Who Finances the Transaction?

In an international transaction it may take from several weeks to several months for merchandise to find its way from the warehouse of the seller to the warehouse of the buyer. Goods must be prepared for export, trucked or sent by rail to the port, export cleared, shipped to another port, possibly transshipped to the final port, warehoused awaiting customs clearance, inspected, customs cleared, sent overland to the final destination, and finally inventoried at the buyer's warehouse. The seller has already made a substantial investment in manufacturing the product and doesn't feel that he should bear the brunt of the costs of financing.

The buyer, on the other hand, knows that it may be one or two months before he even sees the goods in his warehouse, another one or more months before he sells the goods, and another one or several months before he gets paid from his customers. Why should he pay for goods or pay for the financing of goods he doesn't even have in his warehouse?

Although both buyer and seller would wish that the other party finance the transaction and pay for the costs of financing, the realities are that both buyer and seller typically need to compromise somewhat in order to make the transaction happen.

- BUYER/IMPORTER: Needs funds for payment and during the period before resale of goods, and prefers that the seller finance the transaction
- SELLER/EXPORTER: Needs funds for production and the period before payment is received, and prefers that the buyer finance the transaction

In What Currency will Payment be Made?

The currency specified for payment in a contract can have a significant effect upon the ultimate profitability of the transaction for either the buyer or seller. If the value of the specified currency appreciates between the contract date and payment date, it is a hardship for the buyer. If it depreciates, it is a benefit to the buyer.

In most instances, the specified currency of the transaction will be a "hard currency," such as the US dollar (US$), the German deutsche mark (DM), the Swiss franc (SwF) or the Japanese yen (¥).

In some instances, however, it will be impossible to conclude a transaction in anything other than a local, less stable currency. In these instances, it may be possible to "hedge" the foreign exchange risk. See "Hedging" in Chapter 4: Foreign Exchange Basics.

- BUYER/IMPORTER: Wants (typically) to make payment in own currency or in a currency that is expected to decrease in value between the date of the contract and date of the payment
- SELLER/EXPORTER: Wants (typically) to receive payment in own currency, a hard currency, or in a currency that is expected to increase in value between the date of the contract and date of the payment

What are the Political and Legal Risks?

The political environment in both the country of export and the country of import can have disastrous effects on international business transactions. Political instability can lead to changes in trade policy, restrictions on foreign transfers, restrictions on the importation or exportation of certain goods, changes in monetary policy leading to devaluation of the local currency, and riots or civil unrest causing loss or damage to merchandise potentially not covered by insurance, among other problems. Although political risks are generally outside

试读结束：需要全本请在线购买： www.ertongbook.com

the direct control of either trader, they can sometimes be predicted in the short term and managed to a degree.

Legal risks can also affect an international transaction and can only be managed through extreme diligence. Lack of comprehensive knowledge of legal issues can precipitate problems unimaginable in the local marketplace. These include unknown procedural restrictions, import regulations, and more.

EXAMPLE: A contract signed in a foreign country was ruled invalid because the trader was improperly in the country on a tourist visa.

EXAMPLE: A shipment of encyclopedias published in the United States languished in customs in Calcutta because a map of India showed the "de facto" border with Pakistan, indicating Pakistan's gains from a long-simmering boarder war, rather than the government approved map that indicates all the territory as part of India.

- BUYER/IMPORTER: Considers political risk to be minimal in part because he lives with it every day and understands it
- SELLER/EXPORTER: May consider political and legal risks to be significant, especially if the country appears to be unstable by his own standards

Who Will Bear Transportation Costs and Risks?

Who pays for transportation and who assumes the risk if goods are damaged or lost in shipment is also a major issue in international transactions. This is especially true in transactions involving high-value or perishable goods and unusual destinations. Both the cost and risk increase as goods are shipped to remote locations or transshipped or handled over and over again.

The seller probably feels that his quoted price is excellent and that it is the problem of the buyer to get the goods to the buyer's home country market.

The buyer, on the other hand, doesn't think in terms of the sale price in the country of origin, he thinks in terms of the landed cost in his own market. If the goods are heavy or bulky and are shipped from Chicago, in the United States, and are going to Uzbekistan, the transportation and insurance costs will be high.

Even if the buyer agrees to handle insurance coverage, the seller may have "insurable interest" in the goods, especially if they have not yet been paid for.

Timeliness may also be an issue of risk as some goods are time-sensitive.

EXAMPLE: Christmas merchandise needs to be on the shelves no later than early November. This generally means that it needs to be received by distributors and wholesalers by no later than mid-October. If the goods arrive on the dock in early December the selling season has been lost.

- BUYER/IMPORTER: Wants (typically) the seller to bear the transportation and insurance costs and to have the goods delivered to a local, home-country delivery point where ownership is assumed
- SELLER/EXPORTER: Wants (typically) the buyer to bear the transportation and insurance costs and to deliver the goods and transfer ownership at his own warehouse or at a local port

What Are the Costs of Each Method of Financing and Payment?

Every moment the goods are not paid for costs the seller money in financing, while every moment the goods are not resold in the end market costs the buyer money in financing. Who assumes responsibility for the goods at what point in the transaction will affect the availability and terms of financing.

Each method of financing and transfer of payment has a greater or lesser risk for the buyer, the seller and the banks involved. Costs are directly related to the risks and someone has to pay. The following chapters introduce the buyer and the seller, and then detail the various methods of international payment.

Special Cases

- Multinational affiliates shipping raw materials or merchandise to each other will normally do so on open-account terms, although they might be hesitant to accept these payment terms from any other international customer.
- High-value or perishable goods normally require special payment arrangements, such as advance payment or inspection after arrival of the merchandise and before payment is made.
- Transactions in certain developing countries, which can be difficult though profitable, often require cash or confirmed letter of credit terms. To consider any other method of payment would probably be a mistake.
- In new trading relationships it often makes sense to start on more conservative terms and, after experience and greater familiarity, proceed to deal on more liberal terms.

CHAPTER 2

Introducing the Buyer and the Seller

AT THE HEART OF every business transaction is the buyer and the seller. Both parties have one thing in common: to profit from the transaction and to expose themselves to the least risk possible. All transactions, no matter how innocent, expose buyers and sellers to risk. In this chapter we will discuss the business concerns of the buyer and seller and how these concerns affect decisions relating to which payment method is used in an international transaction.

Fundamentally, the concerns of the buyer and the seller are the same in both domestic and international transactions: The buyer wishes to get the goods ordered and paid for, and the seller wishes to get paid for the goods shipped. International transactions, however, add a layer of uncertainty and risk for the buyer and seller that does not exist in purely domestic transactions. The buyer and seller are separated by long distances, differences in culture and business tradition, different government and economic systems, different currencies, and different banking and legal systems to name but a few.

In this chapter we will discuss issues and concerns from the perspective of both the buyer and the seller. If you are already a buyer or seller many will be familiar with some or all of them. You may also be introduced to new issues of concern to the other party. Understanding the needs of your counterpart will help you in structuring a transaction that works for all concerned.

If there are any conclusions to be drawn from this analysis of the buyer and seller, they are: (1) you should know as much as possible about all the parties to a transaction in which you have an interest, and (2) no matter what protections are in place, a degree of trust in the other party will be required.

Introducing the Buyer

The buyer is in the business of purchasing or the brokering of raw materials; component parts; finished goods; or services for manufacturing, assembly, or resale to others. The realities of the buyer's financial situation, type of business, physical location, country of business operation, position in the chain of distribution, and type of goods purchased dictate the manner in which he or she is able to conduct business and make payment.

ISSUES AND CONCERNS OF THE BUYER

- ASSURANCE OF DELIVERY AND CORRECT COUNT The most fundamental concern of the buyer is certainty of securing delivery of the goods purchased. What if the buyer orders and prepays for goods that never arrive? What if the buyer orders one hundred units and receives only eighty-eight units?
- QUALITY OF GOODS The buyer will always want to receive "quality" goods. What if the buyer orders one quality and receives a lesser quality? Who is the arbiter of what "quality" means when dealing with people from a different culture?
- CONDITION OF GOODS The buyer will always be concerned that the goods arrive in good (usable or salable) condition. What if the goods arrive damaged and in unsalable condition? What if the refrigeration unit ("reefer" container) malfunctions and perishable goods spoil en route?
- TIMELINESS OF RECEIPT OF GOODS The buyer wants to make certain that goods ordered are shipped and received in a timely fashion. What if Christmas merchandise scheduled for arrival in October is delayed and arrives at the port in mid-December, much too late to make it to the store shelves for the Christmas holiday selling season? What if component parts arrive late and a production line is held up?
- LAG TIME The buyer and the seller may be separated by many thousands of miles. What if it takes sixty days for the goods to arrive at the seller's warehouse? Is the buyer going to be required to pay prior to receipt of the shipment? Who will pay the financing costs while the goods are in transit?
- FINANCING THE TRANSACTION In almost all business transactions the buyer would prefer to obtain easy and free long-term credit. In many instances the buyer will not possess sufficient working capital to make an outright cash purchase of goods.

  What if the buyer's cycle of getting paid is extremely long and he needs time to make payment?

  What if the buyer has the ability to successfully market the goods as well as the willingness to make payment at a future date after resale of the merchandise but doesn't possess the capital to make immediate or prepayment for the goods?

EXAMPLE: In the book publishing business, it may take the wholesaler three to four months to collect on a shipment of books sold to a retail bookstore.

- BUYER AS BROKER The buyer may be acting as a broker and unable to make payment before getting paid himself. What if the buyer's buyer is unable to pay before the buyer must pay the seller?

  The buyer acting as a broker may also be working on a small margin. What if unexpected "incidental" costs eat up his entire margin of profit?

- TRANSPORTATION COSTS AND RISK The cost and particulars of transportation will be of great concern to the buyer, especially if great distances are involved and if the risk of loss is great. Who will bear the costs of transportation? Also, at what physical point will the buyer accept responsibility for transportation? From the factory door of the seller? From the port of export? From the port of import?

  In international transactions it may take as long as several months for merchandise to find its way from the warehouse of the seller to the warehouse of the buyer. The cost of this transportation may be high, especially with heavy, bulky, perishable, or high-risk goods requiring special handling. What if the cost of transportation is very high in proportion to the sale price of the goods themselves?

- INSURANCE The cost and particulars of insurance will be of concern to the buyer, especially when the terms of the contract specify that the buyer is responsible for insurance costs from the seller's door or from the port of embarkation of the seller's country.

  The cost of insurance for goods in transit may also be a concern for the buyer, especially with heavy, bulky, perishable, or high-risk goods requiring larger insurance premiums. What if the buyer finds the costs associated with insurance to be extremely high compared to the sale price of the merchandise?

- DISTANCES The buyer and the seller may be separated by huge distances requiring several modes of transport. This can both add to the cost and risks of transport as well as to the time it takes the buyer to receive the goods and begin the process of manufacture, assembly, or resale.

- CURRENCY OF THE TRANSACTION International contracts for the sale of goods or services need to specify in what currency the payment is to be made. If the specified currency *appreciates* between the contract date and payment date, it has the effect of increasing the cost of the goods or services purchased by the buyer.

EXAMPLE: Assume that a Korean company, conducting business primarily in Korea and in its national currency (the Korean won) agrees to purchase goods from a US seller with payment to be made in US dollars. If the Korean won depreciates 40 percent, (as it did in the fall of 1997) the Korean company will have to pay 66 percent more than it expected for the US dollars to make payment.

Introducing the Seller

The seller is in the business of manufacturing, selling, or brokering raw materials, component parts, finished goods, or services to the buyer for eventual manufacture, assembly, or resale to others. The realities of the seller's financial situation, type of business, physical location, country of business operation, position in the chain of distribution, and type of goods purchased dictate the manner in which he or she is able to conduct business and secure payment.

ISSUES AND CONCERNS OF THE SELLER

- CERTAINTY OF PAYMENT The most fundamental concern of the seller is certainty of getting paid for the goods sold. What if the seller ships goods and never gets paid?
- ASSURANCE OF DELIVERY AND CORRECT COUNT The seller wants to make certain that goods shipped equals goods received. What if the seller ships one hundred units and the buyer claims receipt of only eighty-eight units? Does the seller have to make up the difference?
- CONDITION OF GOODS The seller wants to make certain that the goods arrive in good (usable or salable) condition. If the goods arrive in an unusable condition it may affect the ability of the buyer to make payment. What if the goods arrive damaged and in unsalable condition? What if the refrigeration unit ("reefer" container) malfunctions and perishable goods spoil en route? What if the buyer claims that he is unable to make payment because he is unable to resell or use the goods shipped? Although the seller may think that this is not of concern if the goods are already paid for, unhealthy buyers will ultimately have an unhealthy effect on sellers.
- TIMELINESS OF RECEIPT OF GOODS The seller will want to make certain that goods shipped are received in a timely fashion. If the buyer's shipment is delayed it may affect his ability to pay the seller.
- FINANCING THE TRANSACTION If the seller is the manufacturer of the goods he or she has invested in product development, raw materials, component parts, labor, and overhead. As a result the seller is likely to prefer to be paid immediately; either at or even prior to delivery of the goods. But what if the buyer is simply unable to buy unless there are credit terms? What if the buyer has the contacts and business structure to sell the goods if only they are made available on credit terms? Also, what if the seller has a great product that is in demand but does not possess the financing to start manufacturing?
- SELLER AS BROKER The seller may be acting as a broker and be unable to ship the goods before making payment to his supplier, or the seller may be unable to make payment before getting paid himself.

  The selling broker may be working on a thin margin and unable to extend credit. The buyer acting as a broker may also be working on a small margin. What if unexpected "incidental" costs eat up the entire margin of profit for either?

试读结束：需要全本请在线购买： www.ertongbook.com