



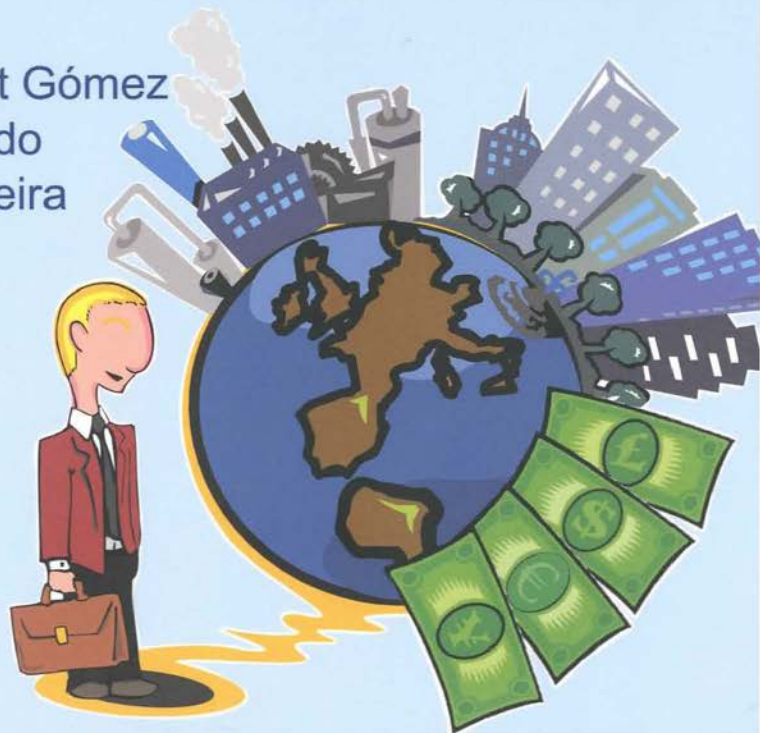
UNIVERSITAT
JAUME·I

English Communication for International Business II

Audio CD
included



Inmaculada Fortanet Gómez
Miguel F. Ruiz Garrido
Juan C. Palmer Silveira



UNIVERSITAS

**ENGLISH COMMUNICATION
FOR INTERNATIONAL BUSINESS II**

Col·lecció Universitas 26

Inmaculada Fortanet Gómez
Miguel F. Ruiz Garrido
Juan C. Palmer Silveira

ENGLISH COMMUNICATION FOR INTERNATIONAL BUSINESS II



**UNIVERSITAT
JAUME·I**

FORTANET GÓMEZ, Inmaculada.

English Communication for International Business II / Inmaculada Fortanet Gómez, Miguel F. Ruiz Garrido, Juan C. Palmer Silveira. — Castelló de la Plana : Publicacions de la Universitat Jaume I, D.L. 2008

p. ; il. : cm. + 1 disc òptic (CD-Àudio). — (Universitas ; 26)

ISBN 978-84-8021-640-1

I. Anglès comercial-Problemes, exercicis, etc. I. Ruiz Garrido, Miguel F. II. Palmer Silveira, Juan Carlos III. Universitat Jaume I. Publicacions. IV. Títol. V. Sèrie.

811.11:339 (076)



Cap part d'aquesta publicació, incloent-hi el disseny de la coberta, no pot ser reproduïda, emmagatzemada, ni transmesa de cap manera, ni per cap mitjà (elèctric, químic, mecànic, òptic, de gravació o bé de fotocòpia) sense autorització prèvia de la marca editorial.

© Del text: els autors, 2008

© De la present edició: Publicacions de la Universitat Jaume I, 2008

© De les il·lustracions interiors i de coberta: Ismael Machancoses Ruiz, 2008

Edita: Publicacions de la Universitat Jaume I. Servei de Comunicació i Publicacions
Campus del Riu Sec. Edifici Rectorat i Serveis Centrals. 12071 Castelló de la Plana
Fax 964 72 88 32

<http://www.tenda.uji.es> c/e: publicacions@uji.es

ISBN: 978-84-8021-640-1

Dipòsit legal: V-300-2008

Imprimeix: Digital Gràfic C.B. Tel. 961 710 317

<http://www.digitalgrafic.net> c/e: info@digitalgrafic.net

INDEX

| | |
|--|----|
| Introduction | 11 |
| Unit I. Business meetings | 15 |
| What is a business meeting? | 15 |
| When to call a meeting: a clear purpose | 17 |
| How to call a meeting: the agenda | 17 |
| Implementation of the meeting | 19 |
| Which skills help us make a meeting effective | 21 |
| Chairing a meeting | 21 |
| Making the meeting effective | 25 |
| Participating in a meeting | 26 |
| The minutes | 33 |
| Unit II. Business negotiations | 39 |
| Stages involved in the negotiation | 40 |
| Socialising and relationship-building | 41 |
| Agreeing procedure & exchanging of information | 42 |
| Questioning, checking and clarifying | 45 |
| Putting forward options, reasons and proposals or bids: the bidding phase | 46 |
| Concessions and agreements: bargaining | 49 |
| Resolving and concluding the negotiation | 53 |
| What else to consider when dealing with negotiations: cross-cultural elements | 55 |
| Unit III. Incoterms, packing, delivery and insurance | 61 |
| Incoterms | 61 |
| Packing arrangements | 68 |

| | |
|--|---------|
| Delivery | 75 |
| Insurance | 76 |
| Freight insurance documents | 78 |
| Types of insurance | 84 |
| Unit IV. Methods of payment | 89 |
| Cheque and bank transfer | 89 |
| Bill of exchange (drafts) | 91 |
| Documentary credit (letter of credit or L/C) | 95 |
| Documents used in international trade transactions | 104 |
| Unit V. Placing orders | 109 |
| Placing an order on the phone | 111 |
| Writing a covering letter and completing an order form | 113 |
| The covering letter | 113 |
| The order form | 115 |
| Using fax and electronic mail to place an order | 118 |
| Replying an order: confirmation letter and shipping advice | 119 |
| Using internet to place an order | 121 |
| Unit VI. Complaints in the business world | 127 |
| Letter of complaint (complaint letter) | 128 |
| Writing a letter of complaint | 129 |
| Replies to letters of complaint (adjustment letters) | 133 |
| Collection letters or reminder letters | 137 |
| 1st reminder | 138 |
| 2nd reminder | 140 |
| Final reminder | 142 |
| Case studies. Foreign trade: a ceramic tile industry | 147 |
| Introduction | 147 |
| Case studies: An overview | 149 |
| Case 1: The new model launch | 151 |
| Case 2: Applying for the job of assistant accountant | 154 |

| | |
|---|-----|
| Case 3: Selling the product | 155 |
| Case 4: Claims | 157 |
| Case 5: The purchase of a new machine | 158 |
| Case 6: Negotiating the sale of the product | 160 |
| Case 7: Staff reduction in CERES, S.A | 161 |
| Case 8: Arranging transportation | 162 |
| Case 9: Dismissal of an employee | 163 |
| Case 10: A merger | 164 |
| Case 11: Taking out fire insurance | 165 |
| Case 12: Commercial research | 166 |
| Case 13: Renovation of the cleaning staff | 167 |
| Case 14: A tax inspector in CERES | 168 |
| Case 15: A new sales office | 169 |
| Case 16: A theft | 170 |
| Case 17: Complaining to our suppliers | 171 |

| | |
|------------|-----|
| Keys | 173 |
|------------|-----|

| | |
|----------------|-----|
| Unit I. | 175 |
| Unit II. | 183 |
| Unit III. | 191 |
| Unit IV. | 201 |
| Unit V. | 209 |
| Unit VI. | 219 |

INTRODUCTION

English has been the *lingua franca* of international commerce over the last 50 years. Worldwide transactions increase every year and force thousands of people to learn the peculiarities of the English language addressed to the tasks involved in these transactions. In geographic areas where companies devote much of their production to the foreign market, learning the English language for international commerce is a must for those students whose aim is to get a job in one of these companies.

ENGLISH COMMUNICATION FOR INTERNATIONAL BUSINESS is a collection of two volumes created as a tool for individual work as well as a handbook for classroom teaching. The books in this collection are content-based and include explanations about the situations that can take place in business contexts, as well as the documents that are produced in order to fulfil international transactions. Students are required to learn the language used in each context and to practise it in specific situations, presented at the end of each unit.

At the end of this second volume, there is a series of case studies which students have to solve and perform in order to prove to themselves and to the teacher they can use the language they have learned in real situations.

WHO IS THE BOOK FOR?

This book, together with the first volume, has been created for students taking the degree course of Business Administration in Spain (Licenciatura de Administración y Dirección de Empresas). A key is provided for all activities, including the listening ones, so that students can follow the recordings autonomously. However, we consider that the teacher's explanations in class can be a good complement to the book.

HOW IS THE BOOK ORGANISED?

The book is organised in six units which deal with some types of business oral communication, such as meetings and negotiations, international trade procedures: Incoterms, packing, delivery and insurance, methods of payment and their corresponding documents, orders and complaints. All units deal with reading and writing skills.

Each unit starts with a general explanation of the topic, followed by activities of reading comprehension and vocabulary. Along the unit, several specific explanations

can be found including examples of the documents and of the written and spoken communicative events involved. Later on, students are required in further exercises to elaborate proper documents and effective pieces of communication.

At the end of each unit, two situations have been included. These situations represent real tasks that have to be performed in a company and which students will have to solve. After the situations, each unit is provided with references for further reading either in books or in websites. The websites are updated at the time this book is ready to be published. We apologise for any website address not working, moved to another domain or any other inconvenience caused by the fast improvements and changes of the Internet, all of which is beyond our control.





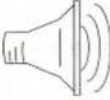



A CD with recordings of listening activities is provided with the book, which includes examples of spoken communicative events and the solution to some oral exercises.

As a complement to the units in both volumes, a series of 17 case studies have been created. These studies reproduce real situations in a company, such as launching a new product, hiring a new employee, strategies to sell a product, reacting to claims, negotiating a staff reduction with trade union representatives, etc.

NOTICE SOME SYMBOLS AND DRAWINGS

In some of the texts and activities, you will find the symbol ¶ followed by a number (for example, ¶1). That means the number of paragraph in the text where you can find the answer to the activity.

Other drawings and symbols used throughout the book are the following:

| | | | |
|---|-------------------------|---|----------------------------------|
|  | Attention |  | Language matters |
|  | Writing and translation |  | Communicative Situation |
|  | Listening |  | Books for further information |
|  | Reading |  | Websites for further information |

ACKNOWLEDGMENTS

We would like to thank all the individual people and organisations who have granted us permission to reproduce, adapt or modify their own material. Every effort has been made to establish and acknowledge the original material included in the book, and contact the copyright owners. We offer apologies for any accidental infringement and would be pleased to come to a suitable arrangement with rightful owners in each case.

We are also grateful for the support received by *Unitat de Suport Educatiu* (USE) at *Universitat Jaume I* (UJI) during the preparation and testing of this book in the classroom. We would like to thank our colleagues from the research group GRAPE (Group for Research on Academic and Professional English) for their help, and especially to Ania Saorín who has been involved in the whole process of the creation, development, and revision of the textbook, providing so many useful comments on the text. Likewise, we are very grateful to the colleagues and students who have also used the drafts of this text in the classroom for their valuable suggestions. Our special thanks to all those who have provided their voices for the recordings. Finally, we really appreciate the original drawings created by Ismael Machancoses, which help to synthesise and follow the contents of the unit.

All remaining errors are, of course, our very own.

UNIT I

Business meetings



Meetings are an important activity in any business. Executives, managers and businesspeople with any type of responsibility in a company spend some time in meetings, but also secretaries, assistants, or people whom the top-management delegates to. So taking part in meetings is a relevant business communication event to most organisations and you should be prepared for it.

WHAT IS A BUSINESS MEETING?

A business meeting is the event in which a group of people (more than two people) come together to discuss things or make decisions usually with specific business purposes.



Business meetings are the best forums for finding out what your colleagues are doing and for making decisions based on shared information and opinions. Business meetings are also necessary to do business with other companies or organisations, to reach agreements, to negotiate, etc.

Some meetings can be negative experiences: they waste time, they can be divisive, lower morale, create problems and divert attention away from important issues. On the other hand, some meetings can be positive experiences and can motivate. Therefore, a good meeting should stimulate thinking, generate new ideas or solve problems, always depending on its purpose; that is to say, a good meeting must be productive.

There may be several types of meetings:

- Briefing meetings: their purpose is to inform others of a new development, new procedures, etc.

- Brainstorming meetings: their objective is to collect ideas from the rest of the participants.
- Decision-making and problem-solving meetings: their aim is to reach a decision or solve a problem.
- Committee meetings: their purpose is to make decisions. These meetings always have a chairperson, two or more interest groups participate in it, and there is usually a voting process to decide on a matter.
- Company meetings: they are also known as Annual General Meetings (AGM) and are a legal requirement for all companies. They always include fixed procedures.

Activity 1. Answer the following questions according to the previous information.

1. Are executives and managers the only people taking part in meetings?

.....
.....

2. Specify three reasons to organise a business meeting.

.....
.....
.....

3. What can we expect from a good meeting?

.....
.....
.....

4. What type of meeting is the one organised to find a solution to a problem?

.....
.....

5. What is another name for a company meeting?

.....
.....

WHEN TO CALL A MEETING: A CLEAR PURPOSE



A meeting should be called (organised) when its purpose is clear. Before calling a meeting, think carefully about other possibilities that may better fulfil your objective. If you finally decide that a meeting is the best way to discuss a topic or to find a solution to a problem, then inform those that should attend in advance. Identify the participants who are likely to contribute most to the meeting, trying always to keep the meeting attendance to a minimum.

HOW TO CALL A MEETING: THE AGENDA

To inform participants that they have to attend a meeting, they have to receive a document in which it is specified the date, the time and the place of the meeting, its purpose, the issues to be discussed, the names of the other participants and any kind of preparation expected. The main issues are placed in the order they are going to be dealt with and sometimes their timing is also specified. This document is called the agenda, and every participant or attendee has to receive it. The agenda can be sent as part of a memo or an e-mail, or only as a document entitled "Agenda". A typical agenda might include the following items in the order they are presented here:



- **Welcome/Introduction of new members and guests/Apologies**

At the beginning of the meeting, the person in charge of it (the chairperson) will welcome the participants, will introduce any new person at the meeting (if any) and will also name those people not attending the meeting but having communicated the chairperson their non-attendance. The formal expression used in some meetings to start is "call the meeting to order".

- **Approval of the minutes of the last meeting**

Before discussing the new topics on the agenda, the participants have to support the written document summarising the previous meeting (called minutes) or propose any possible change and then approve it.

- **Topics of the meeting**

The agenda specifies the topics to be discussed so that all participants know what the objective of the meeting is. This item leads the participants to discuss the topics.

- **Any other business (AOB)**

This item is devoted to discuss any other specific topic not previously included on the agenda. Any of the participants can raise a topic to be discussed.

- **Date and time of next meeting**

All the participants have to agree on a date and time (or even place) to hold the following meeting.

- **Finish the meeting**

Once everything has been discussed, the meeting is over.

In the following activity you will see an example of an agenda. Agendas can be much longer and more detailed than this example, but their structure is usually similar. They are essentially a list of topics to be covered. You should include as many details as you consider the participants need to know in advance so that they come prepared for the meeting.

Activity 2. Complete the following agenda using the words in the box.

confirm
goals

order
minutes

opening
agenda



**Shandford Industry Co.
Marketing Department Meeting**

_____ (1)

January 14, 2008, 15:30 p.m.

Meeting room no. 3, Company's headquarters, Chicago

1. Welcome and call to _____ (2). _____ (3) comments.
Introduce Penelope.
2. Approve the last meeting _____ (4)
3. Restructure mission and set _____ (5) and objectives for the new year.
4. _____ (6) meeting calendar for this year.
5. Marketing plan and Radio BTC Campaign.
6. AOB.
7. Set day and time for next meeting, if appropriate.

IMPLEMENTATION OF THE MEETING



The success of any meeting relies on the preparation of the participants and the measures they take to implement decisions or to look for information after the meeting. That is why it is important to have an agenda or the minutes (document written after the meeting as it will be seen below) in formal meetings. Additionally, it is important to learn how a formal meeting is organised and how the chairperson runs this type of meeting.

Activity 3. Complete the following text of how a meeting works using some of the words and phrases in the box. In order to help you, we have included the meanings of these words and phrases. One of the words is used more than once and some words are not used.



- | | |
|-------------------|--|
| AOB/AOCB | — Any Other (Competent) Business, items not originally included on the agenda, and usually the last topic on the list |
| Adjourn | — Stop a meeting for a specific period of time (usually a few days) |
| Agenda | — A list of points or items for discussion |
| Casting vote | — If there is a deadlock the chairperson may vote to ensure that a decision is made |
| Consensus | — A general agreement on a subject |
| Circulate | — Pass round copies of a document |
| Deadlock | — This is usually reached in a dispute or negotiation when neither side is willing to give in and no agreement can be made; e.g. when there are three votes for and three votes against a motion |
| Minutes | — The written record of a meeting |
| Motion | — A proposal to be discussed and voted on |
| Proxy | — A proxy vote is made on behalf of someone else (if permission has been obtained) |
| Power of attorney | — Permission to act on someone else's behalf |
| Quorum | — The minimum number of members required for a meeting |
| Second | — To support a formal suggestion |

Before the Chairperson calls a meeting s/he should (1) an (2) so that every participant can know what items are to be discussed. Sometimes, a (3) should be present in order to start the meeting, mainly if voting has to take place. At the beginning of the meeting the (4) of the previous one are confirmed. Then, the participants discuss each (5) (or topic) on the agenda and try to reach a (6). If the attendees discuss about an important issue, they may have to take a vote. When this happens, those absent may send their apologies and may have given (7) to someone present so that they can vote by (8). Proposals can either be (9) or opposed. In the event of a (10) the Chairperson may record a (11) so that a decision is taken. The secretary of the meeting is required to take notes of the development of the meeting and write the (12) afterwards.

Activity 4. In the previous texts you have seen relevant aspects about the meeting. Now complete the words below (the first letter of each word and its meaning are given), so that you have a list of *the essential elements of a meeting*.

1. A **p**.....: clear objective to meet.
2. An **a**.....: a list of points a meeting should have before starting.
3. The members or **a**..... are of three types:
 - The **c**.....: person in charge of running the meeting.
 - The **s**.....: person in charge of taking notes during the meeting.
 - The other **p**.....: the rest of the people attending the meeting.
4. The **m**.....: a report of the meeting.

Activity 5. What do you do in a meeting? In the following wordfinder, find out verbs that could combine with the word “meeting”. They all have already appeared in this unit. The verbs can be found by moving horizontally, vertically, diagonally or back to front.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| A | C | Y | U | P | L | A | E | G | T | Y | A |
| C | T | D | O | N | T | R | D | V | E | H | N |
| A | R | N | R | E | A | F | I | X | L | N | H |
| L | O | E | G | T | R | D | I | A | G | I | E |
| L | B | T | A | U | Z | E | J | E | K | H | H |
| W | I | T | N | S | A | H | E | O | E | S | O |
| L | S | A | I | S | U | D | U | Z | U | W | L |
| B | D | Y | S | A | E | D | R | I | O | R | D |
| E | S | U | E | N | G | U | P | I | R | U | N |

| | | |
|---------|--------|-----------|
| You can | a..... | a meeting |
| | a..... | |
| | c..... | |
| | h..... | |
| | o..... | |
| | r..... | |

WHICH SKILLS HELP US MAKE A MEETING EFFECTIVE?



Apart from the characteristics seen up to this point, we also need to learn the different skills needed in a meeting. We are referring to both the behavioural and the language skills of the chairperson and the participants in the meeting. Let us start by looking at the role of the chairperson.

CHAIRING A MEETING

The chairperson (addressed “chairman”, “mister chairman” or “madam chairman”) is responsible for leading the meeting and keeping it focused on the agenda. S/he has to run the meeting to reach successful outcome and achieve the purpose. All meetings need someone to make sure that the maximum amount of business is conducted in the minimum amount of time.

The chairperson needs to perform several tasks by means of some functions. To fulfil all these functions, that person may need a certain amount of language so that s/he can get things started, keep them going and lead them to a conclusion. The following list of functions and useful language may help you to chair a meeting. Note that they are not the only ones and they may also be used or adapted for participants. Read and study them carefully; at the end you will find an activity to check your understanding of the functions.

Function 1. Opening the meeting (invite introductions from participants, when necessary; explain/state purpose of the meeting; present agenda; discuss the ground rules, that is to say, who speaks, when to speak, decision-making, etc.)



- Good morning, ladies and gentlemen/colleagues. Thank you for coming.
- If we are all here, shall we start/make a start/get started?
- OK, let's get down to business.
- First of all I'd like to introduce two colleagues from our Munich office.
- Do you all have a copy of the agenda?
- The objective/purpose/aim of this meeting is to...
- As you can see there are five main points/items.
- I propose/suggest that we take them in the following order.

Function 2. Dealing with interruptions

- Could you please let her finish?
- Could you just hang on a moment, please?
- May I make my point, please? (also for participation)
- Let Stephen finish please, John.

Function 3. Bringing people in/Calling on a speaker (e.g. encouraging hesitant speakers)/Asking for reactions

- We haven't heard from you yet, John. What do you think about this proposal?
- Would you like to add anything, Claudia?/Claudia, do you have anything to add at this point?
- Would anyone like to comment?
- I'd like to ask Ronald for his view.
- How do you feel about ...?
- What do you think?

Function 4. Stopping people talking

- One at a time, please!
- We can't all speak at once. Jenny first, then Paul, then Margaret.
- Well, thank you, Kate. I think that's clear now. Could we have some other opinions?
- Right, thank you, Bob. I think we've all got the point now. Shall we move on?
- Okay, Cathy, thanks. Manuel, I think you wanted to say something?

Function 5. Asking for repetition or clarification

1. If you didn't hear, you can say:
 - (I'm) sorry. I didn't hear what you said. Would you mind repeating it, please?
2. If you didn't understand, you can say:
 - (I'm sorry). I don't quite follow you. Could you go over that again, please?
3. If you feel the speaker is being vague or imprecise, you can say:
 - What exactly do you mean by ...?
 - Can you explain it a bit more clearly?

Function 6. Preventing divergence/Keeping to the topic/Maintaining focus

- I'm afraid that's outside the scope of this meeting.
- Keep to the point, please.
- I think we'd better leave that subject for another meeting.
- I'm not sure that's relevant.

Function 7. Rephrasing

- So what you're saying is ...
- In other words ...
- So you mean ...
- So, if I understand you correctly ...

Function 8. Moving to the next point/Moving on to another topic

- Right. Let's move on to the next point.
- Priscilla, would you like to introduce the next point?
- Well, I think that covers everything. Let's move on.
- The next item on the agenda is ...
- The next thing we have to discuss is ...

Function 9. Monitoring decision-making

- I'd like to (formally) propose that ...
- Can we take a vote on that proposal?
- All those in favour. Right. All those against. Right, thank you.
- So that motion has been accepted/rejected by 4 votes to 3.
- Very well, then, we agree unanimously that.../with some reservations...

Function 10. Closing/Concluding the meeting (thank participants; announce next meeting, etc.)

- Right. That just about covers everything.
- Is there anything else you want to discuss?
- I'd like to thank Marion and Sandra for coming over from Amsterdam.
- So, the next meeting will be on ... (date) at ... (time).
- Thanks for your participation.
- That brings the meeting to a close.

Activity 6. Match the following expressions to the previous functions used when chairing a meeting.

| Expressions | Functions |
|---|-----------|
| • As we have a lot to get through this morning, can we agree on the ground rules? I suggest/propose the following | |
| • Can I get this clear? | |
| • Can we go on to think about the next issue? | |
| • I'd like to propose the following amendment..... | |
| • If everyone has got a copy of the agenda, let me first explain the purpose of the meeting. | |
| • Is there any other business?..... | |
| • Let's leave that aside for a moment..... | |
| • Okay, let's move on to item 4. Who's going to open this one? | |
| • Pat, what do you feel? | |
| • Right, I declare the meeting closed..... | |
| • We're beginning to lose sight of the main point. | |
| • Well, it seems that we are broadly in agreement that we should delay our final decision..... | |
| • Would you like to say a few words about yourself? | |

MAKING THE MEETING EFFECTIVE

All through the previous pages, it has been explained how a meeting works and how it is organised: before, during and after the meeting. Business meetings are the means by which many organisations reach decisions, establish goals, and answer questions. In today's business world, the saying "time is money" is even truer than ever. Nobody wants to attend a meeting and waste his/her time, so any meeting must be both efficient and effective. Therefore, to use meetings as an effective managerial tool, you need to know several things: how to run the meeting, when to call it, and how to follow up afterwards.



Activity 7. This activity will help you to think about the diverse aspects to take into account to make a meeting successful. The following list shows the features of a well organised effective meeting. Some of them are fully written, the others have a missing word. Try to complete the gaps by reordering the letters between brackets. To make the activity easier, you are given the first letter of the word, which is not included inside the brackets, and also the words in a box.

| | | | | |
|-----------|-----------|------------|------------|-----------|
| break | consensus | contribute | discussion | attendees |
| listening | matters | results | time | agenda |

- Make a good preparation.
- Start and end the meeting on **t**..... (MEI)
- Agree on the procedures.
- Develop a focused **d**..... (so that people stick to the subject). (SCIONUSIS)
- Carry out a clear purpose or **a**..... (AEGND)
- Have a participant leading the meeting, and being distinctly heard throughout the entire room.
- Discuss relevant **m**....., describing results, and defining problems that must be solved. (TTASRE)
- Make an effort to reach conclusions by **c**..... (NOESNSSU)
- Invite every person at the meeting to **c**..... (BONUTITRE)

- Listen with interest to everyone (practise high quality **L**.....).
(ITEGISNN)
- Manage properly the time.
- Publish rapidly the **r**..... and encourage action. (STULES)
- Use visual aids, and present only information meaningful to the majority of the **a**..... . (DNETESET)
- Include in the meeting a three-to-five minute **b**..... . (KERA)

PARTICIPATING IN A MEETING

Similarly to the role of the chairperson, you have also to take into account some functions and some useful expressions when participating in a meeting. A few expressions are only used in formal meetings, but many others are used in any kind of meeting. By using those expressions, you will be able to give your opinion, support your ideas, argument your position, express politely your opposition to others' ideas, and so on. Next, you have some examples:



Function 1. Getting the chair's attention

| | |
|--------------------------|--|
| (Mister/Madam) Chairman, | may I come in? may I have the floor for a moment? I'd like to comment on that. |
|--------------------------|--|

Function 2. Asking for or confirming opinions

- Do you really think that ...?
- Don't you think that ...?
- Do you consider that ...?
- Am I right in thinking that ...?
- Would I be right in thinking that ...?
- How do you feel about ...?
- What do you think?
- What's your opinion?

Function 3. Making your point or giving opinions

- I would like to point out that ...
- In my opinion ...
- I think/consider/feel that ...
- From my point of view ...
- I strongly believe that ...
- I certainly/definitely think that ...
- I tend to think that we need a report.

Function 4. Taking the floor

- If I could just come in here ...
- I'd like to go back to ...

Function 5. Agreeing

- I agree that ...
- I would go along with you on that.
- I'm in total agreement with you there.
- I totally agree.
- That's true.

Function 6. Disagreeing/Rejecting

- I'm sorry, I disagree/I don't agree ...
- I'm afraid I don't agree.
- I agree with you to some extent/to certain extent/up to a point, but ...
- I don't/can't accept that.
- Maybe, but ...
- With all due respect ...
- I don't think it's a good idea.
- I'm not keen on it.

Function 7. Correcting misunderstandings

- I don't think I quite made myself clear.
- That's not quite what I meant.

Function 8. Interrupting

- Hold on ...
- Could I just say something?
- Sorry, but ...

Function 9. Asking for more information/asking for clarification

- Could you be a little more specific?
- Could you give us further details?
- I'd like you to explain ...
- I'd like to know ...
- I wonder if you could explain ...
- I wonder if you could tell me ...

Function 10. Avoiding responsibility

- I don't have all the information to hand ...
- I can't comment on that at this stage ...
- The Amsterdam office probably has more details.

Function 11. Postponing

- Can I come back to that (later)?
- Let's leave that until (later/next week/...).

Function 12. Advising and suggesting

- Shall we move on to the next point?
- I suggest we meet again at the same time next week
- Why don't you present your proposal at the next meeting?
- I (would) advise you to send out the documents before our next meeting.
- I (would) recommend a very simple presentation.
- The MD suggested that we analyse the threats and opportunities.
- How about ...?

Activity 8. In the next box, there are some more expressions that can be used during a meeting. Match them to the previous functions.

| Expressions | Functions |
|---|-----------|
| • Sorry to interrupt but I don't agree..... | |
| • I really don't think that's relevant. | |
| • I'd like to emphasise the fact that we must find new markets for this product. | |
| • I couldn't have said it better myself..... | |
| • We seem to be talking about different things..... | |
| • How do you feel about that? | |
| • It's very difficult to make a decision now. | |
| • I'm not sure I understood the point about the new promotional campaign..... | |
| • That suits me fine. | |
| • I'm afraid I can't go along with that. | |
| • I do think it's important to take into account consumer trials/tests..... | |
| • I (would) recommend a very simple presentation. | |
| • If I could just come in here. | |
| • Why don't we treat this topic later?..... | |

Activity 9. Read the following meeting and fill in the gaps using the words you have in the box. Then, check if your options are right by listening to the recording.



Some members of a company based in Benasal (Waters of Spain) which sells and distributes bottled water are holding a meeting with Mrs. Jane Astaire, Manager of Foreign Markets and the representative of a Canadian distribution company called WaterSpring, which is a large distribution company. They both are discussing the possibility of a merger. Mrs. Astaire presents the offer to the managers of Waters of Spain: Mr. Juan Monterde, Managing Director and Finance Manager, Ms. Ana Gómez, Exports Manager and Marketing Manager, and Mr. Roberto Soriano, President of the company as well as Production Manager, who will be chairing the meeting.

| | | | | |
|----------|---------|--------------|-----------|---------|
| agenda | CEO | departmental | move on | slide |
| at hand | comment | issues | picked up | sponsor |
| business | deals | merger | repeat | topics |

Ana: Roberto, let me introduce you to Mrs. Astaire.

Roberto: Hello, how do you do?

Jane: How do you do? Nice to meet you at last.

Roberto: Nice to meet you. When did you arrive?

Jane: I arrived last night but I went early to sleep as I was quite tired. Jetlag, you know?

Roberto: Oh yes, of course. I understand.

Jane: This morning, Ana _____ me _____ and here I am, ready to work.

Roberto: That's great. I'm looking forward to your final proposal as we are very pleased with your interest.

Jane: Thank you. I hope we can discuss the different _____ all through the meeting.

Roberto: Did you have a coffee or tea? ... Please, help yourself. We'll start in a few minutes.

Juan: Hello everybody. I couldn't come earlier. I was in a traffic jam, like nearly everyday.

Ana: Hi Juan, I would like to introduce you to ...

Juan: Hello Mrs. Astaire, how are you?

Jane: Fine, thanks, and you? How is your family?

Juan: They are fine, thank you. I just left my kids at school. So we all are going to be busy today, aren't we?

Jane: Good. Do you want to join us for a coffee? ...

[time lapse]

Roberto: Good morning and thank you for coming, especially our guest Mrs. Astaire. As you all know each other, I'll avoid any kind of introductions.

I suppose you all received the _____ of today's meeting.

All: Yes/Yeah

Roberto: As you all know this is the fourth meeting we are holding with the company WaterSpring, being our main objective to settle the _____. We, mainly Ana, have participated in the previous meetings in Canada and I think Juan also went to one of them.

Juan: Yes, that's right.

Roberto: Today's agenda includes three main _____: revision of the previous _____, revision of WaterSpring proposal, and reaching a final agreement.

Probably at the end of the meeting, Jonathan Ferguson, _____ of WaterSpring, will join us by videoconference.

Any _____ or observation before we start? (silence) Ok then, let's get down to _____.

[time lapse]

- Roberto: Thank you very much Mrs. Astaire for your excellent presentation. I think now we can discuss the topic or _____ to the final item.
- Jane: Mr. Soriano, if anyone has a question or a comment, I'd be pleased to answer them.
- Juan: Mrs. Astaire, I'd like to know if you have considered a possible expansion into the Asian market for the future.
- Jane: That's a good question, Mr. Monterde. In fact, we have talked about that in some _____ meetings. We think that the most important aim in a short term is to establish our company as the leader in the distribution of bottled water in North America and in Europe. In a mid-term or long-term, the Asian market has to be a must. I don't have all the information _____, but some studies pointed out the end of this decade as the right time to enter the Asian market.
- Juan: Thank you for your answer.
- Ana: Excuse me, Mrs. Astaire. In your presentation you have talked about the marketing campaign. I think you have just explained your ideas for the North American market, but I missed the information dealing with the European market. Could you _____ the information or give us further details about it?
- Jane: Didn't I show you a _____ with all the information? ... Let me check ... Oh, you're right. What a mistake! I'm sorry, but I think something has happened during my presentation and I forgot to include this slide.
- Ana: Ok, it's fine. Just let us know something about it.
- Jane: Ok. As I have just said, we will try to _____ some NBA teams or some football teams, American football I mean. As for Europe, we had thought of sponsoring soccer teams, your football, or top players of any kind of sport. Popular cooks endorsement is also in our mind in both markets. We think that as a starting point this is not a bad idea.

THE MINUTES



Before starting a meeting, one of the participants is usually required to take notes. That person is usually called the secretary, and can be either an external person who cannot participate in the development of the meeting or one of the participants who is appointed as a secretary for the session.

The secretary has to record the names of the participants and take notes of the most important aspects (decisions, comments, etc.) happening at the meeting. Then, a kind of report summarising the whole meeting will be issued; that is what we call the minutes of the meeting. They may serve as a record of the past meeting or as one of the items on the agenda of the following meeting.

When writing the minutes of the meeting, the secretary should concentrate on the key points of discussions and decisions. The minutes should be linked to the purpose of the meeting and should indicate the decisions and actions to be taken by whom and when. The usual points to be included in the minutes are the following ones:

- 1 Those present/Attendance
- 2 Apologies for non-attendance
- 3 Confirmation of the previous minutes
- 4 Matters arising
- 5 Items discussed
 - a)
 - b)
 -
- 6 Any other business
- 7 Date of next meeting

After the meeting, the minutes should be sent to everyone on the circulation list as soon as possible or along with the agenda for the next meeting.

Now, you will see an example of minutes, although many different forms can be found all over the business world. However, they should include most of the items explained above. Note that the countries of the participants called at the meeting follow the ISO (International Standard Organisation) abbreviations rules. To make things clearer, the following table shows the abbreviations used in the example below and the countries they refer to:

| <i>Abbreviation</i> | <i>Country</i> |
|---------------------|----------------|
| CH | Switzerland |
| CS | Czech Republic |
| DE | Germany |
| DK | Denmark |
| ES | Spain |
| FI | Finland |
| FR | France |
| GB | United Kingdom |

| <i>Abbreviation</i> | <i>Country</i> |
|---------------------|----------------|
| GR | Greece |
| HU | Hungary |
| IL | Israel |
| IT | Italy |
| NL | Netherlands |
| NO | Norway |
| PT | Portugal |
| RU | Russia |

Example of minutes



MINUTES OF 2008 BUSINESS MEETING EFCE WORKING PARTY ON DIGITAL REPROGRAPHICS

Magdeburg, Germany
Thursday April 11, 2008, 10.30-12.30

Persons present:

Dr. Catherine Bonizzi (FR)
Dr. Carl-Gustav Bergen (FI)
Dr. Augerinos Dimitriadescus (GR)
Prof. István Ferkas (HU)
Dr. Iva Fiklova (CS)
Dr. Ola Johanssen (NO)
Dr. Guido Kache (DE)
Dr. Ian Lawton (GB)
Mr. Sebastián González (ES)
Prof. Evangelos Sundermann (DE)

Apologies received from:

Dr. H. Hallström (DK)
Prof. Markku Jaakola (FI)
Prof. Ernst Kind (DE)

Prof. Eli Lavie (IL)
Prof. Antonio Pons (ES)
Prof. Michelle Roques (FR)
Prof. George D. Saravacos (GR)
Dr. Alberto Sereno (PT)
Prof. Ingvald Stromen (NO)
Mr. Ray Taylor (GB)

No apologies received from:

Dr. Bojan Cermák (CS)
Mr. Claudio Janetti (IT)
Mr. Martin Grönlund (DK)
Prof. M. Kerckhof (NL)
Prof. B. Sazhin (RU)
Dr. W. Schumann (CH)

1. Opening remarks

The Chairman, Ian Lawton, opened the meeting and expressed - on behalf of all attendees - his gratitude to Dr. Guido Kache and his colleagues at Magdeburg for making the practical arrangements and hosting the meeting. It was very welcome to see an informal Europe-wide technical meeting taking place again, after a lapse of some years, and to see a good number of delegates attending from both industry and academia and offering interesting papers on a wide variety of subjects.

2. Minutes of previous meetings

The minutes of the meetings at Noordwijkerhout (August 2006) and Karlsruhe (January 2007), which had been previously distributed, were noted and approved.

3. Matters arising from the minutes

(a) Meetings

The Chairman reviewed the past year since the Karlsruhe meeting.

.....

4. Items on the agenda

(a)

(b)

5. AOB

The Chairman asked for any other competent business to bring to the meeting. No one added anything.

6. Closure of the meeting

The Chairman thanked delegates for their valuable contributions and closed the meeting at 12.30.

7. List of Actions from the meeting

ACTIONS FOR THE CHAIRMAN:

(a) Write and distribute minutes of the meeting, by e-mail where possible, otherwise by normal post.

(b) Ensure that the website is completed and operational, and circulate details.

ACTIONS FOR ALL WORKING PARTY MEMBERS:

(c) Check address list on receipt, and provide e-mail and website address, phone and fax numbers to the Chairman where he does not already have these or where they are incorrect.

Ian Lawton
Chairman of WP on Digital Reprographics
April 2008

Communicative Situation 1



MEETING SUBJECT:

Should we go completely international by using English everywhere?

PARTICIPANTS:

- Human Resources Manager
- General Manager
- Sales Manager
- Marketing Manager

Bedshire Co.

AGENDA

March 15, 2008, 11:30 a.m.

Meeting room

1. Welcome and call to order. Introduction of participants and appointment of Secretary.
2. Approval of last meeting minutes.
3. Proficiency in the English language as a requirement to work in our company.
4. All sales documents have to be in English.
5. All publicity should be in English in order to give an international image to the company.
6. AOB.
7. Set day and time for next meeting, if appropriate.

At the end of the meeting, the group must create the minutes of the meeting and hand them to the teacher.

Communicative Situation 2



Write down the script of a short meeting matching the following functions:

You are Toni, the chairman of the meeting. Open the meeting, welcoming the participants.

Present the agenda and make clear the ground rules before starting.

There is no approval of the previous minutes because this is the first meeting.

The only item in today's agenda is to discuss about the meeting your company will have with potential suppliers in Poland. After the meeting, there will be a dinner offered by your company.

María and Pablo are in favour of holding the meeting and the dinner in June and in the city of Castelló. Fran is against; he prefers holding them in July and in a tourist resort, such as Benicàssim or Peníscola. Discuss the topic by including at least four of the following functions:

Calling/Getting the chairperson's attention

Giving opinions

Interrupting/Dealing with interruptions

Agreeing/Disagreeing

Suggesting

Stopping people talking

To end up, close the meeting.

If you want to know more about meetings in the business context, you can either look up

Comfort, J. 1996. *Effective meetings*. Oxford University Press.

Poncini, G. 2004. *Discursive Strategies in Multicultural*

Business Meetings. Peter Lang.

George, H. 2006. *How to Present at Meetings*. Blackwell BMJ Books



or the following websites

<http://www.meetingwizard.org/meetings/effective-meetings.cfm>

<http://www.business-english-training.com/meeting.htm>

<http://www.effectivemeetings.com/>

<http://www.bonner.org/pdf/files/modules/BonCurPlanningMeetings.pdf>





UNIT II

Business negotiations



Many and different definitions of the term **negotiation** can be found in a business context. Following some of them, we can consider negotiation in the business world as formal or informal discussions between at least two people or parties who have different aims or intentions and during which they try to reach an agreement. Some experts find it difficult to separate negotiations and meetings, as a lot of times meetings become a negotiation.



Negotiations are part of our lives and everything can be considered as negotiable. As a businessperson, you should be willing to engage in negotiating whenever necessary. Effective negotiation can (and should) produce an agreement that meets the needs of both sides while preserving the relationship. Three key principles may be required to improve the outcome of a future deal:

Focus on people: establish and maintain a good relationship with your partners; do not confuse the people with the issues and avoid personalising them; both parties should make themselves understood, avoiding any possible argument on every one's position.

Focus on interests: try to identify the mutual, compatible interests as well as the conflicting ones in a way that may help you to understand the other party's position.

Focus on options: work out with the other party a variety of options before taking a final decision. The options ought to correspond with your shared interests, benefit both parties, and be of low cost to any of you.

All in all, to reach a good agreement or outcome you need confidence in the negotiation process by meeting the following features, closely related to the previous principles:

1. **Consider** the option or alternative which gives more benefits to all the parties. This is known as BATNA (Best Alternative To a Negotiated Agreement).
2. **Satisfy** everybody's interests.
3. **Search** for a **well planned commitment** (a clear and common understanding of who has promised to do what, when it will be completed, and how the agreement will be satisfied).
4. The **process of negotiation** is **efficient** when the **communication** is **effective**.
5. The **negotiation process** must help **establish or improve** the **working relationship**.

Activity 1. Role play. Working in pairs, try to sell something you have on you (watch, bracelet, etc.), or a household object, to your partner. Then, note down the steps you have followed, and any expression you think is relevant and you may use in other situations in which you have to carry out a negotiation. You will check through the unit whether your notes match with what you will find in it.

.....

.....

.....

.....

.....

.....

STAGES INVOLVED IN THE NEGOTIATION

You may find several ways of structuring the negotiation process. The following one, dealing with language use, may be one of them. Despite the division, all the stages and sub-stages of negotiation are often not clearly divisible: the bargaining stage often has a background presence throughout the whole process. You, as negotiators, need to understand this and be prepared to adopt strategies seeking alternative solutions (for example, avoiding deadlock) as and when required.



1. Socialising and relationship-building
2. Agreeing procedure and exchanging of information
3. Questioning, checking and clarifying
4. Putting forward options, reasons and proposals or bids: the bidding phase
5. Concessions and agreements: bargaining
6. Resolving and concluding the negotiation



1. Socialising and relationship-building

This first stage includes activities related to small talk, which take place outside of the negotiation itself. However, it is considered of great importance. There may be two types of situations in this stage: the one of old negotiation partners where relationships have already been forged, and the one developed by new negotiation partners where relationship building is paramount.

This stage enables you to know your negotiation counterparts better and find common interests. Sometimes any type of implicit information obtained from the social contacts before the negotiation and also during it (in the breaks) may be taken as an advantage and highly useful when back in the negotiating room.

Useful language



| Function | Examples |
|---|---|
| 1. Checking other people's identities | Excuse me. Are you José Ramírez from ABC? |
| 2. Identifying/Introducing yourself and getting on first-name terms | I'm José Ramírez from ABC. (not I'm Mr. Ramírez) (By the way,) please call me José. You can call me Roberto. |
| 3. Introducing other people | Let me introduce I'd like you to meet I'd like to introduce } Janet Gunson. This is Bob Sanz, head of ABC's Overseas Sales Division |
| 4. Greetings and replies for first and subsequent meetings | A. How do you do? B. How do you do? A. It's good/nice to see you again. B. (It's) good/nice to see you again, too. |

| | |
|---------------------------------|---|
| 5. Keep the conversation moving | A. This is your first visit to Spain, isn't it? (<i>Question</i>) B. That's right. Unfortunately, this is only a short visit. (<i>Answer + Extra information/Comment</i>) A. Oh, that's a pity. I could show you some interesting places if you were here longer. (<i>Reaction + Comment/Question</i>) |
| | A. Do you like the Spanish cuisine? (<i>Question</i>) B. Yes, of course. Although I don't know much about it, I would like to. (<i>Answer + Extra information/Comment</i>) A. Oh good. I'll take you to a very nice and familiar restaurant so that you can taste very typical Spanish dishes. (<i>Reaction + Comment/Question</i>) |

Activity 2. Match the following expressions with the previous functions.

| Expressions | Function |
|---|----------|
| a. How are you?/Fine, thanks. And you? | |
| b. May I introduce my colleague, Janet Gunson? | |
| c. My name is Roberto Oliveira. I'm the Sales Manager at Brazilian Oil. | |
| d. (I'm) pleased to meet you./ (Very) pleased to meet you, too. | |
| e. This is my colleague, Catherine Woods. | |

2. Agreeing procedure and exchanging of information

This is the central stage of the negotiating process, in which the parties state their objectives, their requirements and their position as regards the negotiation. You should plan in advance both what you wish to achieve and some relevant strategies to achieve it. You have to decide the issues to negotiate first, so that it can help you to set the tone, that is to say, the most convenient atmosphere for negotiation.



Furthermore, becoming aware of your counterparts' position (their background and interests) is fundamental for recognising and using the balance of power. That power-dependence relationship of each party depends on who needs who most or who can hurt the other most. If each party has relatively equal power, there will be probably give and take. If power is unequal, the party with most power will generally dictate the result.

From this stage of the negotiation onwards, the different parties involved in it need to give advice, make suggestions or request information or action, among other things. This kind of linguistic functions may be expressed in a wide range of ways, from more direct or dogmatic to more indirect or polite way. Look at the following examples:

Direct request



Indirect request

Peter, present the figures now, please.

Peter, can you present the figures now, please?

Peter, I'd like you to present the figures now, please.

Peter, perhaps you could present the figures now, please.

Peter, would you mind presenting the figures now, please?

Peter, I wonder if you could present the figures now.

Peter, I was wondering if you would mind presenting the figures now, please.

Useful language



| Function | Examples |
|---------------------------------------|--|
| 1. Starting the negotiations | Could we begin by outlining our view of the problem? Our position is quite clear. Firstly ... Could we begin now please? |
| 2. Getting agreement on the procedure | Can we now agree on the overall procedure? |
| 3. Stating principal objectives | Our main objective is to ... What we need to decide is ... What we hope to achieve is ... Our position is this. What we'd like to achieve/get from this meeting is ... |
| 4. Stating supplementary objectives | We'd also like to talk about ... Another objective, as we see it, is ... We'd also like to discuss ... |

| | |
|--|---|
| 5. Checking agreement and acceptance of objectives | Does that fit in with your objectives? Is that OK with you? Does that sound OK? |
| 6. Positive response (to several sorts of questions) | Certainly. Yes, indeed. (Yes, that's) fine. |

Activity 3. Match the following expressions with the previous functions.

| Expressions | Function |
|---|----------|
| a. Let me outline our position. | |
| b. Does that seem acceptable to you? | |
| c. Yes, that's fine with us. | |
| d. First of all, I think we should establish the overall procedure. | |
| e. OK, let's get started, shall we? | |
| f. Something else we'd like to achieve is ... | |

Activity 4. Match the sentences on the left-hand column expressing ideas in a direct way with those on the right re-expressing the same ideas in a less direct or less dogmatic way, so that they make a better climate of cooperation.

| Direct | Less direct |
|---|---|
| 1. I want to check what you expect from this meeting. | a. Can we now agree on the procedure? |
| 2. It is time to start our meeting. | b. I think we could finish the meeting at 6.00 p.m. |
| 3. Now we must agree on the procedure. | c. I think we should start our meeting. |
| 4. I'll summarise our objectives. | d. I'd like to check what you expect from this meeting. |
| 5. We have to finish the meeting at 6.00 p.m. | e. Perhaps I could summarise our objectives. |

1. 2. 3. 4. 5.

3. Questioning, checking and clarifying

Questions are always helpful to clarify something you have not understood properly. Additionally, they are also useful to get more information about the customer's needs, improving your knowledge about the other party. In the following activity there are some examples of useful language to ask questions for a better understanding. Note that sometimes you ask a question by means of a statement, such as examples *a* and *e* in activity 5.



Activity 5. Match the following questions with the functions on the table. Write them down to have a better view of the relationship.

Questions

- a. As I recall, you said you're planning to expand the market. (Possible Answer: Yes, that's the plan).
- b. Can I just ask you a few questions about your purchasing policy?
- c. Can I just move on to another question?
- d. Can you give me an idea of what quantity you might be interested in?
- e. Have I got this right? You said a discount on an order of 1,000. (Possible Answer: That's right/correct, yes).
- f. How important is the environment issue to you?
- g. How would you feel about a bigger discount?
- h. Roughly how many items you might want each month?
- i. What emphasis do you place on after-sales service?
- j. What is the importance of the environment issue?
- k. What is your opinion of after-sales service?
- l. When you say there are delivery problems, what do you mean?
- m. When you say your prices reflect the investment, do you mean that your products are expensive because you've spent a lot of money on them?

| Function | Questions |
|---|----------------------------|
| 1. Checking understanding or assumptions | - - - - |
| 2. Leading in to questions | - - |
| 3. Asking for approximate information or exploring others' position | - - - - - - |
| 4. Asking about emphasis | - - |

4. Putting forward options, reasons and proposals or bids: the bidding phase

After exchanging information and clarifying positions, now it is time for the negotiators to generate ideas or options before making any decisions. At the same time, somehow, each negotiating team will attempt to persuade the other to change their position to something closer to their own.



Useful language



| Function | Examples |
|---|---|
| 1. Introducing the idea of generating options | It seems to me that there are a number of ways we could work together. There seem to be several possibilities for working more closely together. |

| | | | | | | | |
|--|--|---|----------|-----------------|--|--|---|
| 2. Introducing the process of generating options | (Shall) I suggest we list the options first and then examine them in more detail one by one. (?) Should we brainstorm the options before we discuss any in detail? | | | | | | |
| 3. Putting forward options/ Suggesting options | I'd like to start by suggesting ... How about trying...?/using ...? Have you considered the idea of ...? We could also ... What about ...? Why don't we ...? I think we should ... Would you be able to ...? | | | | | | |
| 4. Suggesting a move to the next stage in the process | Why don't we go through each of these in more detail? At this stage I think we should look at each option in turn. | | | | | | |
| 5. Putting reasons and proposals clearly and firmly | We propose that the new company should have the name ... Our proposal is to create a completely new name ... We propose that we combine both names. | | | | | | |
| 6. Putting forward alternative or additional proposals in a more tentative way. | Maybe a better solution would be to ... It could be a good idea to ... Alternatively, we could ... In return, we would/could .. We could offer you a discount of, say, 25%. | | | | | | |
| 7. Focusing the discussion | One thing I want to look at is ... What we need to talk about now is ... | | | | | | |
| 8. Stating some reasons for making a proposal, then making the proposal. | <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 50%;"><i>Reason</i></td> <td style="text-align: center; width: 5%;"><i>+</i></td> <td style="text-align: center; width: 45%;"><i>Proposal</i></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">... Many of our clients are multinational companies and they are used to doing business with us under the name Fergusson-Gálvez.</td> <td></td> <td style="padding: 5px;">Therefore, we propose that the new company in Spain should also have the name Fergusson-Gálvez.</td> </tr> </table> | <i>Reason</i> | <i>+</i> | <i>Proposal</i> | ... Many of our clients are multinational companies and they are used to doing business with us under the name Fergusson-Gálvez. | | Therefore, we propose that the new company in Spain should also have the name Fergusson-Gálvez. |
| <i>Reason</i> | <i>+</i> | <i>Proposal</i> | | | | | |
| ... Many of our clients are multinational companies and they are used to doing business with us under the name Fergusson-Gálvez. | | Therefore, we propose that the new company in Spain should also have the name Fergusson-Gálvez. | | | | | |

Activity 6. When negotiating it is important not to be too aggressive. Instead, being diplomatic often brings the best results. Match the following sentences with the more diplomatic ones on the left column, and with the even more diplomatic ones on the right one. Write them down for a better comparison.

| |
|--|
| <p><i>Sentence 1:</i> We must talk about discount first. <i>Diplomatic:</i> <i>More diplomatic:</i></p> |
| <p><i>Sentence 2:</i> There's no way we can deliver it earlier. <i>Diplomatic:</i> <i>More diplomatic:</i></p> |
| <p><i>Sentence 3:</i> I want a solution. <i>Diplomatic:</i> <i>More diplomatic:</i></p> |
| <p><i>Sentence 4:</i> I won't improve my offer. <i>Diplomatic:</i> <i>More diplomatic:</i></p> |
| <p><i>Sentence 5:</i> Can you change the terms of payment? <i>Diplomatic:</i> <i>More diplomatic:</i></p> |
| <p><i>Sentence 6:</i> Your price is far too high. <i>Diplomatic:</i> <i>More diplomatic:</i></p> |

| Diplomatic sentences | More diplomatic sentences |
|---|--|
| A. Your price seems rather high. | a. Would you consider giving me a solution? |
| B. Unfortunately, I can't improve my offer. | b. I'm sorry, it's not our policy to deliver it earlier. |
| C. Could you give me a solution? | c. I'm afraid that's the best option I can offer. |
| D. I'm afraid we can't deliver it earlier. | d. Would it be a good idea if we discussed discount first? |
| E. I think we should talk about discount first. | e. Your price is higher than I was expecting. |
| F. I wonder if you could change the terms of payment. | f. Is there any possibility you could change the terms of payment? |



5. Concessions and agreements: bargaining

This stage is also known as the bargaining phase of the negotiation process. At this stage, new offers are usually made in response to the other side's proposals. Therefore, both, the offer of side A and the acceptance of that offer by side B, can be linked to conditions.

In this stage we find specific negotiation behaviours, the set of visible communication tactics (verbal and non-verbal) or actions that every negotiator addresses to the opponent. Concerning this, the parties in the negotiation can adopt different types of negotiation behaviours which can be classified according to the orientation and tactics involved. Experts distinguish two main negotiation behaviours or negotiating strategies:

- **competitive (or combative):** these behaviours are focused on a short-term 'win-lose' philosophy. The starting point is considered to be a 'win-lose' strategy, even though both parties reach an agreement.

Example:

A second-hand car salesperson asks for one price, usually above the price a buyer or customer is willing to pay. The buyer responds by offering a price below the asking price of the salesperson. They may reach an agreement but one of the parties may be unsatisfied, depending on their expectations.

- **co-operative (integrative or collaborative):** this strategy emphasises a 'win-win', 'problem-solving' approach, and it is considered even more important than the first strategy.

Example:

In a joint venture, both parties should sit down and share their true interests instead of focusing on their positions. The negotiators should search for common ground and be creative, which results in a negotiated agreement and a much richer relationship.

Useful language



| Function | Examples |
|-----------------------------------|--|
| 1. Establishing a bargaining zone | <p>We now come to the most important phase of our discussion.</p> <p>We can't negotiate on this point.</p> <p>I think we can both agree that this is what is on the table.</p> <p>There is no room for manoeuvre here.</p> |

| | |
|--|--|
| <p>2. Offering something/ Making offers and concessions</p> | <p>Our best offer is ... We would be willing to ... If you order now, we'll give you a discount. We'd be prepared to offer you a better price if you increased your order.</p> |
| <p>3. Bargaining</p> | <p>If we give you extra discount, will you increase the size of the order? If you offered a prompt payment, we could see our way to reducing the price. We might be able to make a concession, if you do the same.</p> |
| <p>4. Imposing conditions</p> | <p>We couldn't order that quantity unless you were prepared to ... We can reduce the delivery costs only on condition that you pay within a week. We can do business with you provided that you give us an open account.</p> |
| <p>5. Accepting suggestions/ Accepting an offer (agreeing)</p> | <p>We accept that. I couldn't agree more. Yes, absolutely. I think we can agree to that. That sounds reasonable/fine. I think we could go along with that. That would be acceptable.</p> |
| <p>6. Rejecting suggestions/ Refusing an order (disagreeing)</p> | <p>That really isn't on. I can't go along with that. That's out of the question. I'm afraid that's not acceptable. I'm afraid we couldn't accept that. That would be difficult for us. No, not at all. I'm sorry, we can't accept that. I'm not sure about that.</p> |
| <p>7. Rejecting but making alternative offer/Offer acceptance on a condition</p> | <p>Yes, but ... We couldn't possibly carry out this in the first six months, but we'd be prepared to do it after the first year. If you improved ..., I think we'd have a deal.</p> |

| | |
|-------------------------------------|--|
| 8. Playing for time/ Buying time | I'd like to think about it. I'm sorry, but I'll have to consult my colleagues about that. Perhaps we can come back to that point later. I would need to discuss that with my colleague. I'll have to think about that. |
|-------------------------------------|--|

Use of conditional sentences with a double function

- Linking offers to conditions

| | | |
|---|--|--|
| <i>Offer</i> We couldn't fund an in-company training programme We could fund an in-company training programme | <i>(link word)</i> unless if | <i>Condition</i> there was some input from Irish training experts. there was some input from Irish training experts. |
| <i>(link word)</i> If | <i>Condition</i> you accepted a joint training programme, | <i>Offer</i> we would cover up to 75 per cent of the costs. |

- Linking acceptance to conditions

| | | |
|---|---|--|
| <i>Acceptance</i> We'd have no objection to a joint training programme | <i>(link word)</i> provided that | <i>Condition</i> the details were worked out together. |
| <i>(link word)</i> If | <i>Condition</i> the details were worked out together, | <i>Acceptance</i> we'd be prepared to agree to that proposal. |

Activity 7. Rewrite the following sentences by using the link words from the box. Notice that sometimes it is better to place first the condition and other times to use the offer/acceptance as the first element in the sentence. Be aware of the punctuation marks.



| | | |
|------------------|--|---------------|
| if (3) unless | as/so long as (2) on condition that | provided that |
|------------------|--|---------------|

| Condition | Offer/Acceptance |
|--|---|
| 1. you agree to quicker payment terms | 1. we'll give you a 5% discount |
| 2. you pay shipping costs | 2. we'll increase our order |
| 3. you placed a large order | 3. we could offer a better discount |
| 4. you promise delivery within five days | 4. we'll consider covering insurance ourselves |
| 5. we can pay by letter of credit | 5. I'm afraid we cannot accept that |
| 6. you pay us at sight | 6. we can despatch within one week |
| 7. you agree to pay by bank transfer | 7. we'll continue to offer the same discount |
| 8. I can't agree most; _____ now you cover both shipping and insurance | 8. we will place further orders with you in the near future |

Full sentences:

1.
.....
2.
.....
3.
.....
4.
.....
5.
.....
6.
.....
7.
.....
8.
.....

6. Resolving and concluding the negotiation

At this final stage of the negotiation it is important to summarise what agreements have already been reached and what responsibilities have already been assigned.



It is also important to identify any areas which have not yet been agreed on and any further action which needs to be taken. Finally, any points to be dealt with at the next meeting should be summarised, and a date fixed. It is also helpful to check that there is nothing else which the other side wishes to add.

Useful language



| Function | Examples |
|--|--|
| 1. Introducing the summary | Perhaps I could just summarise our conclusions/agreements decisions so far. Have I got this right? |
| 2. Summarising agreements and responsibilities | You've/We've agreed to ... As we agreed, we'll/you'll take care of.../deal with.../ be responsible for .../and we'll/you'll ... Fine, so can we agree that ...? |
| 3. Identifying the areas which have not yet been agreed on | There are a couple of/some/one or two outstanding points/issues (we still need to discuss). The question of ... remains to be classified. |
| 4. Identifying action to be taken | We'll/You'll set up a meeting .../get further information about ... By our next meeting you'll have worked out the joint programme .../modified the technical drawings ... |
| 5. Checking | Have I covered everything? Is there anything else you'd like to add? |
| 6. Settling/Ending the negotiation | (That's it then). I think we've covered everything. I think that covers it. OK. It's a deal. Great! We've got a deal. We can shake on that. (shaking hands) I think this is acceptable to both of us. |

| | |
|---|---|
| 7. Summarising points and setting a date for the next meeting | We'll discuss the questions of ... at our next meeting on ... |
|---|---|

Activity 8. Negotiating an agreement. The conversation below is the beginning of a negotiation between the management representative and the union representative. Complete the dialogue by putting the extracts in the right position. You are given separately the extracts of the two interlocutors although the expressions are disordered.

| | |
|----------------------------|--|
| Management representative: | |
| Union representative: | |
| Management representative: | |
| Union representative: | |
| Management representative: | |
| Union representative: | |
| Management representative: | |
| Union representative: | |
| Management representative: | |
| Union representative: | |

Management representative

- a. I don't see that happening without considerable reduction in members of staff.
- b. Yes, and we can only reach an agreement if we pay for the working hours as such and not as extra hours.
- c. So we're meeting today to reach an agreement on the proposed changes on the working hours for Christmas holidays.
- d. That is not really the case, because the company cannot afford to pay more in these moments. If we paid people as you ask, we might reduce staff next year.

Union representative

- e. Right, and the key issue is remuneration.
- f. Well, we seem to be getting nowhere. Let's establish some common ground, OK?
- g. I'm sorry, but this is unacceptable. We will make productivity gains during Christmas. According to the company's last months income, if you pay the extra hours at the stipulated rate, there won't be any problem to face the new year, and there won't be any staff reduction at all.
- h. I'm afraid that's out of question. My members cannot possibly accept earning less than deserved. So extra hours should be taken into account.

Activity 9. Role play. Salary Increase.

One of you is a company employee's representative.

The other is the employee's boss.

Employee's representative: You think you should have a 5% salary increase (above the rise of the CPI – Consumer Price Index which was 2.8%).

Boss: You think the company can only afford a 2% increase (below the CPI increase).

Negotiate with each other and try to get a good outcome.

**WHAT ELSE TO CONSIDER WHEN DEALING
WITH NEGOTIATIONS: CROSS-CULTURAL ELEMENTS**


Another important matter to pay attention to is the cross-cultural element of the negotiation process. Although cultural generalisations are not always true, it is recommended to learn about the cultural background of your counterparts before

starting any negotiation. You should understand and respect cultural differences, even if your counterparts behave or think differently. You should be able to understand how these differences may affect the process of business and professional communication. In general terms, some cultural factors that may interfere with a negotiation process can be:

- attitude to time (flexibility, interruptions, etc.)
- formality and protocol when establishing relationships
- politeness (it will always be better to be over-polite than too direct)
- extra-linguistic elements of communication (body language or silence do not have the same meaning in different cultures).

Just to give a few examples, it is widely known that in many Middle Eastern countries it is very important to build a relationship of confidence before starting a negotiation, whereas in some other parts of the world such as in Northern Europe, this relationship building is not so important and is frequently left for a later stage, such as a business lunch or dinner. The distance between the participants is also a critical factor in a negotiation. Some cultures (Southern Europe, Latin American or Arab countries) allow, and even encourage, physical contact, although this contact may vary depending on gender, and practices (for example, kissing your partners' both cheeks may not always be appropriate); moreover, the people in these cultures also tend to stand closer when speaking to each other. Finally, we will also point out the amount of talking as a factor of cross-cultural understanding or misunderstanding in a negotiation. The sequencing of words and silence is interpreted in different ways depending on the part of the world where a person has been educated. Eastern cultures, such as the Japanese, try to get meaning not only out of the words but also from the context and the situation. However, other cultures are based almost only on what the people say or fail to say.

Although many of these characteristics are attributed to most members of the communities where they belong, company policies, individual and personal careers, and the personality of the speaker may also have a strong influence on your partner's behaviour.

Activity 10. Answer the following questions according to the previous information.

1. How do you have to deal with cultural differences?

.....

.....

.....

.....

2. Name some relevant cultural factors which could interfere in the negotiations. Which do you think is the most important?

.....

.....

3. Explain another cross-cultural example, different from the ones appearing in the text.

.....

.....

.....

Activity 11. Complete the following dialogue with the words and expressions you listen.



After the merger between Waters of Spain and WaterSpring, their Marketing Managers Ms. Ana Gómez and Mr. Eric Trouble, meet to negotiate about the marketing campaign they have to create. They have been communicating via email and on the phone for some time, but now they meet as some things need to be discussed face to face. This is part of their meeting.

Ana: Well, Eric, our _____ is clear. We think that an increase of 20% in the marketing campaign is what we need. Our _____ is to introduce the new products into the market using an appealing campaign but having some relatively small expenses.

Eric: Right, _____, but my opinion is that we may spend a bit more so that we can make a wider expansion of our products.

Ana: I don't know ... _____. You see, if we increase ... how much did you say in our previous meeting?

Eric: I proposed an increase of 30% which is about 22% of our budget.

Ana: Ok, then if we spend 22% of the company's budget, we cannot think of sponsoring anybody or anything. Don't you see that this is our first year? I think that the best option is to show our brand in as many places as possible but in the first year we need to be very selective.

Eric: _____, but I think we can do it and we must do it. I mean, I think that during the first year we should be more aggressive when launching our new products and our joint brand. _____ to look for a piece of the cake. We need to spend that quantity and even more if we could explain our strategy to the board of directors.

Ana: No, Eric. _____. You already know that their decision was to make the best with the assigned budget. We cannot even think about a different option. Maybe we are misleading the way of solving this problem. Why don't we try to be more aggressive and appealing with a smaller budget?

Eric: How? Do you have something in mind?

Ana: Well, actually I think that _____ some of our clients and make them believe in our joint project, we could also ask them to reduce their benefits for the next year and we could do more or less the same with the current budget.

Eric: Do you think it will work?

Ana: I don't know, but I have the feeling it may. In fact, I talked to one of my clients a couple of weeks ago and it seems it's not a bad idea. It was just an informal conversation in which I asked her what they would do in case of proposing a worldwide campaign in return for an adjustment of their benefits.

Eric: _____. I would need to make a phone call to check this with my department staff. Could we take a break for a couple of hours so that I can talk to them and they try to sound out some clients?

Ana: Great. We can postpone the meeting for a couple of hours. Shall we meet at four?

Eric: Ok.

Ana: Do you need anything else? Do you know how to manage in this office?

Eric: Yes, everything is ok. I'll manage.

Ana: If you need anything, just call me at my office, extension 876.

Eric: Ok, see you in a while.

Ana: See you.

Communicative Situation 1

Next month is the Fair of Building Materials in Orlando (Florida, U.S.A.). We have good customers in the U.S.A., and it is important that we have a booth in that fair. At least four people will have to move there during four days. The only problem is that this year the fair is in August (25th - 29th), and all workers have usually their holidays at this time of the year.



A meeting is being held between the Human Resources Manager and the Sales Manager of Tiles S.L. to decide the salespeople who will go to the fair.

Student A (Human Resources Manager): All employees have worked more days than they had agreed at the beginning of the year, and then s/he had already promised them one month holiday in August, since the company is closed at that time of the year. They may ask for a high compensation for these days.

Student B (Sales Manager): A high percentage of the turnover goes now to the U.S.A., and not going to the Fair may mean a great loss of benefits.

Communicative Situation 2

Simply Furniture is a young Spanish company which makes modern furniture. At the moment, it manufactures only furniture for sitting rooms and dining rooms. However, it is planning to expand its range to bedrooms. It currently markets the furniture in Spain and it is also starting to export it to a few outlets in Finland and Sweden, thanks to the IVEX office placed in Oslo. This company is interested in expanding its products to any other foreign country.



Bed-Dressing is a dealer, based in London, which sells small pieces of furniture, lamps, eiderdowns, etc. from several leading European manufacturers and which is also thinking seriously of expansion.

Last week Ramón Piroig, Simply Furniture's representative for the northern European countries, received a letter from Anne Lufsson, Bed-Dressing's sales manager. In it Bed-Dressing proposed a deal: that Simply Furniture and Bed-Dressing could market their products together in Finland and Sweden, but also expanding the market to Norway. Piroig wrote back that he liked the idea very much and arranged a meeting at the IVEX office in Oslo to hear more about it.

Look at your brief and prepare some notes before your meeting.

| <i>STUDENT A</i> | <i>STUDENT B</i> |
|---|--|
| You are Ramón Piroig (or Marta) from Simply Furniture | You are Anne Lufsson (or Jan) from Bed-Dressing |
| You can offer: <ul style="list-style-type: none"> • To sell Bed-Dressing's products in Finland and Sweden through your existing outlets. • A two-year contract (until your company has more of its own products on the market). | You can offer: <ul style="list-style-type: none"> • To supply goods to go with Simply Furniture's pieces (side tables, lamps, etc.) • 10-12% commission on sales of your products. |
| You want: <ul style="list-style-type: none"> • 16% commission on Bed-Dressing sales. • All dealings with Finland, Sweden and Norway clients to be handled by you. • The right to sell goods from some of Bed-Dressing's competitors. | You want: <ul style="list-style-type: none"> • A three-year contract. • An introduction to Simply Furniture's northern countries contacts at the end of three years. • An exclusive agency agreement. |

During the negotiation try to reach an agreement because it is both your interests to do so.

If you want to know more about meetings in the business context, you can either look up Comfort, J. 1999. *Effective Negotiating*. Oxford University Press.
 Brett, Jeanne M. 2001. *Negotiating Globally How to Negotiate Deals, Resolve Disputes, and Make Decisions across Cultural Boundaries*. Jossey-Bass cop.



or the following websites

<http://www.sitepronews.com/archives/2002/feb/11.html>

<http://www.businessenglish.de/nego.htm>

<http://www.negotiationskills.com/video.html>



UNIT III

Incoterms, packing, delivery, and insurance



In order to place an order, there are different questions you must know. To start with, in the world of business there is not a unique price for a particular product or set of goods. An exporting company will charge different prices according to the various services they provide to the buyer or importing company. These different prices are identified by means of **INCOTERMS**, which stands for International Commercial TERMS.



The second important question in an order is **packing, delivery and insurance**. Special packing conditions, the date(s) of delivery and the means of transport and the type of insurance will have to be established before the order is definitely placed.



The third question you will have to learn about is the methods of payment. Depending on the trust you have on your customer, you will negotiate a method of payment, going from the open account for completely reliable customers to the most usual letter of credit. You will learn about methods of payment in Unit 4.

1. INCOTERMS

The various prices provided for a product are known as price quotations. Each price quotation is given a specific name in the form of a short definition often referred to by the initials of the words forming it. These definitions are called INCOTERMS. The INCOTERMS which are now in use were established by the International Chambers of Commerce (ICC) in 2000, and can be divided in 4 groups:

1. E terms
2. F terms

3. C terms
4. D terms

1. **E terms**- Also known as 'departure terms' since they take the point of origin as a reference. The exporting company (seller) makes the goods available to the importing company (buyer) at the exporting company's own premises. This type of quotation tends to represent the minimum responsibility for the seller. There is only one Incoterm in this group: EXW.

EXW (Ex Works) Responsibilities:

Seller: S/he has to make the product available at her/his premises.

Buyer: S/he has to choose the means of transportation as well as to pay for costs and insurance, not included in the price.

2. **F terms**. Also known as 'shipment terms/main carriage unpaid' since they refer to the means of transport used but without including the cost of the freight. The exporting company (seller) is asked to deliver goods to a carrier named by the importing company (buyer). There are shipment contracts to be presented at the shipment point named. Carriage is not paid. There are three main Incoterms in this group: FCA, FAS and FOB.

FCA (Free Carrier + name of place) Responsibilities:

Seller: S/he has to deliver goods to the carrier named by the buyer in the shipment point selected. The seller has to pay for all costs up to that point.

Buyer: S/he has to choose the means of transportation as well as the carrier. The buyer is also responsible for transportation and insurance costs from the shipment point selected.

FAS (Free Alongside Ship + name of place) Responsibilities:

Seller: S/he has to deliver the goods next to the ship in the seaport selected by the buyer. The seller has to help the buyer in order to obtain the necessary authorisation for exporting the goods.

Buyer: S/he has to select the shipping company and submit the freighter's name to the seller. The buyer has to pay for freight and insurance, and obtain the necessary import authorisation.

FOB (Free On Board + name of place) Responsibilities:

Seller: S/he has to place the goods on board the ship chosen by the buyer in the shipment point selected. The seller has to take care of all the formalities regarding exportation.

Buyer: S/he has to choose and hire the ship, and pay for the shipping costs, as well as the insurance related to the goods once they are on board.

Table 1. Group E: Departure/Group F: Main Carriage Unpaid

| Service | EXW | FCA | FAS | FOB |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | EX WORKS | FREE CARRIER | FREE ALONGSIDE SHIP | FREE ONBOARD VESSEL |
| | Responsibility & Charges | Responsibility & Charges | Responsibility & Charges | Responsibility & Charges |
| WAREHOUSE STORAGE AT POINT OF ORIGIN | SELLER | SELLER | SELLER | SELLER |
| EXPORT PACKING | SELLER | SELLER | SELLER | SELLER |
| LOADING AT POINT OF ORIGIN | BUYER | SELLER* | SELLER | SELLER |
| INLAND FREIGHT | BUYER | BUYER* | SELLER | SELLER |
| PORT RECEIVING CHARGES | BUYER | BUYER | SELLER | SELLER |
| TRANSPORT DOCUMENTS | BUYER | BUYER | BUYER | BUYER |
| EXPORT CLEARANCE | BUYER | SELLER | SELLER | SELLER |
| LOADING ON OCEAN CARRIER | BUYER | BUYER | BUYER | SELLER |
| OCEAN/AIR FREIGHT | BUYER | BUYER | BUYER | BUYER |
| CHANGES IN FOREIGN PORT/AIRPORT | BUYER | BUYER | BUYER | BUYER |
| CUSTOMS DUTIES AND TAXES ABROAD | BUYER | BUYER | BUYER | BUYER |
| DELIVERY CHARGES TO FINAL DESTINATION | BUYER | BUYER | BUYER | BUYER |

Regardless of the Incoterms in use, the seller must supply the goods as agreed in the contract of sale, together with such evidence of conformity as may be required by the contract. Regardless of the Incoterms in use, the buyer must take receipt and pay for the goods delivered, as provided in the contract.

* The payment of the forwarder's fees is sometimes controversial, depending on the contract of sale. (This table is based on International Rules for the interpretation of trade terms as published by the ICC, 2000).

3. **C Terms.** Also known as 'shipment terms/main carriage paid', since they also refer to the means of transport but including the main part of the carriage. The seller or exporting company has to find and hire the carriage of the goods, but without any additional cost or responsibility once the consignment has been shipped. There are several Incoterms in this group, but the most often used are CFR and CIF.

CFR (Cost and Freight + name of place) Responsibilities:

Seller: S/he has to contract the carrier, pay for freight and loading, and other formalities up to the destination point.

Buyer: S/he is responsible for any additional cost, as well as for the risk of loss or damage to the goods from the moment these are on board the ship. To cover this risk, the buyer has to contract freight insurance.

CIF (Cost, Insurance and Freight + name of place) Responsibilities:

Seller: This quotation includes all the CFR responsibilities for the seller plus an additional insurance policy for the transportation of the goods for a minimum of a hundred per cent of its total value.

Buyer: S/he has to pay for freight and insurance from the destination point (usually a port) to her/his premises.

Table 2. Group C: Main Carriage Paid

| Service | CFR COST & FREIGHT | CIF COST INSURANCE AND FREIGHT |
|-----------------------------|--------------------------|--------------------------------------|
| | Responsibility & Charges | Responsibility & Charges |
| WAREHOUSE STORAGE AT ORIGIN | SELLER | SELLER |
| EXPORT PACKING | SELLER | SELLER |
| LOADING AT POINT OF ORIGIN | SELLER | SELLER |
| INLAND FREIGHT | SELLER | SELLER |
| PORT RECEIVING CHARGES | SELLER | SELLER |
| TRANSPORT DOCUMENT | SELLER | SELLER |
| EXPORT CLEARANCE | SELLER | SELLER |
| LOADING ON OCEAN CARRIER | SELLER | SELLER |
| OCEAN/AIR FREIGHT | SELLER | SELLER |

| | | |
|---------------------------------------|-------|--------|
| CHANGES IN FOREIGN PORT/AIRPORT | BUYER | BUYER* |
| CUSTOMS DUTIES AND TAXES ABROAD | BUYER | BUYER |
| DELIVERY CHARGES TO FINAL DESTINATION | BUYER | BUYER |

* The payment of the forwarder's fees is sometimes controversial, depending on the contract of sale.

4. **D terms.** Also known as 'arrival terms', since they take the destination or point of arrival as reference. These Incoterms are used when the seller has to bear all costs and risks needed to bring the goods to the country of destination. The main quotations in this group are DAF and DDP.

DAF (Delivered At Frontier) Responsibilities:

Seller: S/he has to contract and pay for transportation and insurance up to the agreed frontier, as well as arrange transport documents.

Buyer: S/he has to pay for transport and all risks from the moment the goods have been made available to her/him at an agreed point at the frontier.

DDP (Delivered Duty Paid) Responsibilities:

Seller: S/he is liable for making the goods available for the buyer at the agreed point of destination within the importing country, as well as paying for freight costs including landing and insurance.

Buyer: S/he has to bear all risks of the consignment once it has been delivered to the agreed point of destination by the seller. This Incoterm represents the minimum responsibility for the buyer.

Table 3. Group D: Arrival

| Service | DAF DELIVERED AT FRONTIER | DDP DELIVERED DUTY PAID |
|--------------------------------------|---------------------------------|-------------------------------|
| | Responsibility & Charges | Responsibility & Charges |
| WAREHOUSE STORAGE AT POINT OF ORIGIN | SELLER | SELLER |
| EXPORT PACKING | SELLER | SELLER |
| LOADING AT POINT OF ORIGIN | SELLER | SELLER |
| INLAND FREIGHT | SELLER | SELLER |
| PORT RECEIVING CHARGES | SELLER | SELLER |

| | | |
|---------------------------------------|--------|--------|
| TRANSPORT DOCUMENTS | SELLER | SELLER |
| EXPORT CLEARANCE | SELLER | SELLER |
| LOADING ON OCEAN CARRIER | SELLER | SELLER |
| OCEAN/AIR FREIGHT | SELLER | SELLER |
| CHANGES IN FOREIGN PORT/AIRPORT | SELLER | SELLER |
| CUSTOMS DUTIES AND TAXES ABROAD | BUYER | SELLER |
| DELIVERY CHARGES TO FINAL DESTINATION | BUYER | SELLER |

Incoterms can also depend on the means of transport. The most common means of transport is the ship, and it has some specific Incoterms such as FAS (Free Alongside Ship) or FOB (Free on Board), though most Incoterms can be used for any mode of transport, such as rail, air, road or multimodal transport. However, not all goods require the same means of transport. It will depend on the value, volume and weight of the goods, as well as the time of delivery and the geographical location of the departure and destination point. In international trade, it is very important that buyer and seller agree on the means of transport before closing the sale negotiation. The company that usually arranges for the transportation of goods is the forwarding agent or freight forwarder.

Activity 1. Answer the following questions according to the previous information.

1. Can you quote a unique price for a product? What are the factors that affect the price of a product?

.....

.....

2. Which are the Incoterms that include main freight insurance costs for the seller?.....

.....

.....

3. What is included in the FOB quotation?.....
.....
.....
4. Is CIF price lower than FOB price for the same goods? Why?.....
.....
.....
5. If the buyer chooses DDP, does s/he have to pay for freight and landing costs?.....
.....
.....

Activity 2. Find synonyms for the following words and expressions in the text.

- a. Incoterms.....
- b. Consignment.....
- c. Freight.....
- d. Permission.....
- e. Buildings of the company.....
- f. Send.....
- g. Means of transport.....

Activity 3. Translate the following sentences from Spanish into English.

1. Le hemos dado el precio CIF Liverpool.
-
.....



2. Nuestros clientes tienen que pagar el flete marítimo y el seguro, así como todos los gastos de descarga y entrega en su país.
-
.....

3. Este precio incluye el transporte desde nuestro almacén al muelle y todos los gastos de embarque.
-
-

4. En el precio Franco Fábrica el vendedor no es responsable de organizar el transporte ni de contratar el seguro.
-
-

Activity 4. Listen to the following extracts from different telephone negotiations and indicate the most appropriate Incoterm to be used for the quotation of the price of the products, and the most convenient main means of transport.



Situation A

Buyer: The consignment ...

Incoterm: _____ Main means of transport: _____

Situation B

Seller: Flowers are delicate, ...

Incoterm: _____ Main means of transport: _____

Situation C

Buyer: We want the goods ...

Incoterm: _____ Main means of transport: _____

Situation D

Seller: Dispatch should be ...

Incoterm: _____ Main means of transport: _____

2. PACKING ARRANGEMENTS

After the negotiation about the price and the responsibilities each of the parts has to assume, some other aspects need to be discussed.

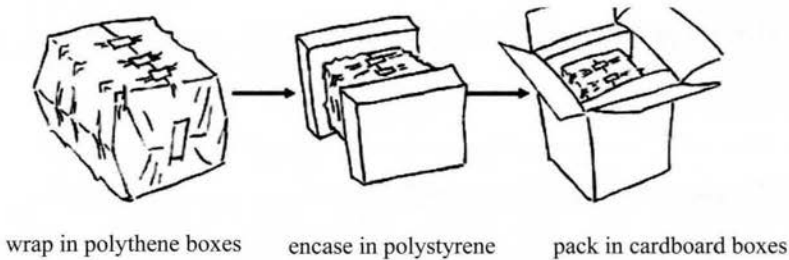
We will start with packing, delivery and insurance arrangements, that is, the services usually provided by freight forwarding agents.



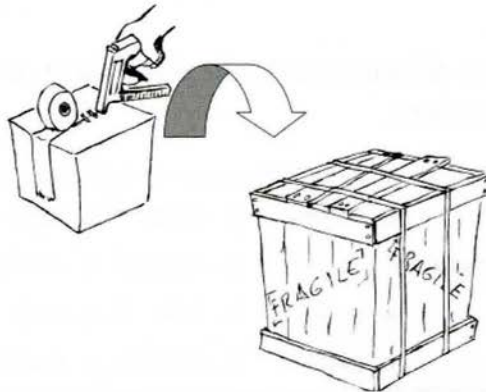
Products need to be packed in different ways depending on their characteristics. It is usually the importer who establishes the packing requirements, so that goods can arrive in perfect conditions. The exporter is obliged to pack goods in the agreed way. The packing arrangements take place in the Dispatch Departments.

Goods can be packed in barrels, bottles, drums, cans (or tins), or cartons if they are liquid, such as oil, wine, water, milk, etc. Bundles, bales and sacks can contain soft goods (cotton, hay, etc.), or goods that are sold in bulk such as grain, earth, cement, and some powder raw materials. Other manufactured goods are packed in boxes or cases that are grouped in crates and pallets.

In order to protect fragile goods, several systems can be used as polystyrene moulds, peanuts, padding or lining; waterproof lining or insulated cases protect goods from humidity.



Additionally, all boxes and cases have to be secured, so that they cannot be opened during transport. For this purpose, they can be sealed, battened, wired, screwed or nailed. Additionally, cases can be stencilled with numbers of reference or with words such as "Fragile" or "Handle with care". In the following drawings you can see that a cardboard box is sealed with staples and tape. Later, it is placed in a wooden case which is bound with plastic bands and whose lid is nailed down. Notice that the word "Fragile" is stencilled on it.

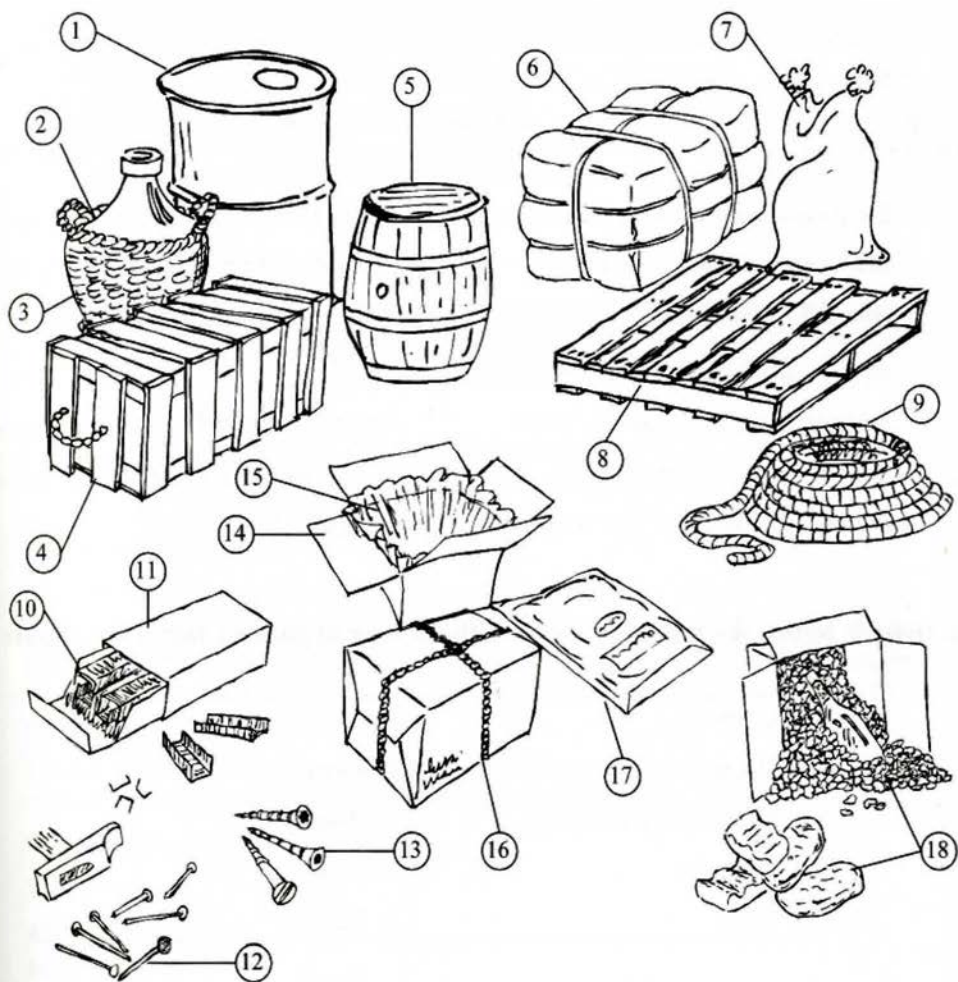


Activity 5. Answer the following questions about the text.

1. What is the function of the freight forwarding agents?
.....
.....
2. Which of these containers are used to pack liquids: crates, drums, bales, tins?
.....
.....
.....
3. What are polystyrene moulds used for?.....
.....
.....
4. Why are cases battened or wired?.....
.....
.....
5. Why do you think cases are stencilled with some words?
.....
.....
.....

Activity 6. Relate the numbers in the picture with the words provided. Use a dictionary if necessary.

- | | | | | |
|-----------------------|------------|------------|--------------------|------------|
| a. wooden crate | e. carboy | i. drum | m. rope | q. screws |
| b. water-proof lining | f. barrel | j. carton | n. cardboard box | r. peanuts |
| c. sack | g. padding | k. bale | o. nails | |
| d. parcel | h. pallet | l. staples | p. padded envelope | |



| | | | | |
|---------|---------|----------|----------|----------|
| 1. | 5. | 9. | 13. | 17. |
| 2. | 6. | 10. | 14. | 18. |
| 3. | 7. | 11. | 15. | |
| 4. | 8. | 12. | 16. | |

Activity 7. Find in the box the appropriate words to complete the following sentences.

| | | | | |
|---------|----------|-----------|--------|--------|
| fragile | battened | insulated | packed | boxes |
| pallet | wrapped | cartons | crates | sealed |

- a. Each vase must be individually _____ in paper, _____ in paper straw, introduced in cardboard _____ including 6 vases each, and shipped in wooden _____ (no more than 10 boxes per crate) marked _____ and numbered 1 to 10.
- b. The milk has to be packed in 1 litre _____; every 12 cartons will be introduced in a _____ cardboard box. A _____ will contain 100 cardboard boxes. Pallets will be _____ to prevent humidity and _____.

Activity 8. Relate the following goods with the type of packing they may require.









| | |
|-------------------------|-----------|
| 1. Carpets | a. Basket |
| 2. China | b. Crate |
| 3. Industrial machinery | c. Bundle |
| 4. Oranges | d. Box |
| 5. Tiles | e. Case |

1. 2. 3. 4. 5.

Example of communication about packing conditions

Packing conditions are often established by the importer by means of a formal letter or by e-mail. The following message sent by e-mail states the packing conditions for an order of computers.



| | | | | | | | | | | |
|---|---|--|---|--|--|---|-------|-------|-------|-------|
|  SEND |  CUT |  COPY |  PASTE |  UNDO |  ATTACH | | | | | |
|  To: | schicksal@pcland.de | | | | | | | | | |
|  From: | fernandeza@ordena2.es | | | | | | | | | |
| Subject: | PACKING CONDITIONS | | | | | | | | | |
| CC: | | | | | | | | | | |
| BCC: | | | | | | | | | | |
| Attachment: | | | | | | | | | | |
| Arial | ▼ | 10 | ▼ | N | K | S | | | | |

Dear Mr. Schicksal,

In relation to our order No. 6842 for 32 Siemens 4C2 desktop computers, we confirm the terms agreed in our telephone conversation. However, before placing the order we would like to have some packing conditions confirmed by your Dispatch Department.

Each desktop computer should be placed in polystyrene moulds within strong cardboard boxes, which must be stapled and sealed. Every 27 boxes should be packed in a strong wooden crate with waterproof lining; crates should be numbered and the words "Handle with care, this way up" should be stencilled on each one.

We would be grateful if you could confirm these requirements. As soon as we receive your confirmation, we will sign and send you our order form.

We look forward to hearing from you.

Yours sincerely,
 Alberto Fernández
 Jefe de Ventas
 ORDENA2

Activity 9. Describe the most appropriate packing conditions for the following goods.



- a. 10 pearl necklaces:
-
-

b. 1 crystal lamp:.....

c. 100 litres of olive oil:.....

Activity 10. Listen to the following telephone conversation negotiating the packing conditions of a consignment of office paper and fill in the gaps.



- Sonia Rallo: Buenas tardes, le habla Sonia Rallo de COFENSA, ¿en qué puedo ayudarle?
- Herta Schnitzer: Can you speak English?
- Sonia Rallo: Yes, of course. How can I _____ you?
- Herta Schnitzer: My name is Herta Schnitzer from CMI Germany. Last month you placed an order of 1,000 packets of _____ white office paper, of 500 sheets each. The order number is _____.
- Sonia Rallo: Yes, I remember that. It arrived a couple of weeks _____.
- Herta Schnitzer: Yes, according to your e-mail it arrived on the 2nd of May. In your message you _____ about the packing conditions of the consignment, since some of the packets have arrived in bad condition. We have already delivered the _____, but we would like to discuss with you the packing conditions for future orders.
- Sonia Rallo: Yes, that seems a good idea. Five packets had the wrapping broken and half of the sheets were lost or useless.
- Herta Schnitzer: As you know, we usually _____ the 500 sheets in transparent plastic film which is _____. Then every 10 packets are placed in cardboard boxes, which are stapled and taped.
- Sonia Rallo: I think the problem is that the plastic film is too thin and _____ easily. We would like the packets to be wrapped in a thicker type of film or plasticized paper. Then, the cardboard boxes must also be _____, so that the paper does not get wet if it's under the rain.

- Herta Schnitzer: Well, we understand your concern, but we have been manufacturing and supplying office paper for 20 years now and we have always used this type of _____. I must say you are the first customer who has ever complained in these 20 years. I think we can work on the possibility of using a thicker type of plastic film to wrap the paper, but we consider the cardboard boxes we are using are good _____.
- Sonia Rallo: I see. Well, I think we can accept your offer for our next order, but considering the inconvenience we were caused, will you give us a _____?
- Herta Schnitzer: We are doing our best to solve the problems you had. I can guarantee our next consignment will arrive in perfect _____, but I'm afraid discounts have not been considered.
- Sonia Rallo: Right. We will contact you again if we decide to _____ a new order. Thank you for your call Ms Schnitzer.
- Herta Schnitzer: We look forward to hearing _____ you. Bye, then.
- Sonia Rallo: Bye.

3. DELIVERY

Goods can be sometimes dispatched from stock, but most often they have to be manufactured. This is the reason why delivery is usually not in a unique consignment, but in partial deliveries. These deliveries can be:



- From stock: Goods that are already in the company warehouse and which can be delivered as soon as transport is arranged.
- Prompt or forward delivery: A deadline is established by the importer and agreed by the exporter only a few weeks after placing the order, or just when the goods have been manufactured (forward delivery).

It is usually the buyer or importer who establishes the deadline for all deliveries. This is one of the questions that need to be negotiated with the exporter and it is given much importance by both parts. Sometimes being late in a delivery, that is, shipping a consignment later than the agreed date, can have bad consequences for the importer, such as losing an important sale. This is why the importer has to be very firm and

convincing about his or her requirements. Look at the following example of a paragraph from a negotiation. Ex.

We would like the goods to be delivered in two consignments: one by 15th May (ex-stock delivery), and the second before 15th June (prompt delivery). It is essential that all goods are delivered before the end of June, when the summer campaign starts. Notice that we reserve the right to refuse goods delivered after 15th June.

Activity 11. Fill in the gaps with the missing word. You can find the words in the previous text.

- Could you **d**_____ the goods ex-stock?
- D**_____ before August is a firm condition.
- All goods received after the agreed **d**_____ will be returned.
- Please, notice that the final **e**_____ should not arrive **l**_____ than May 2nd.

4. INSURANCE

Insurance is compulsory in international trade transactions. There are two main types of insurance: Cargo or Freight Insurance and Export Credit Insurance.



Cargo or Freight Insurance is important because goods can be damaged in their transit in many different ways: accident, theft, fire, floods, etc. On the other hand, Export Credit Insurance covers risks unexpected by the exporter, such as commerce risks (insolvency, delays in payment), political risks (lack of transparency in the local currency, political corruption), and extraordinary risks (catastrophes and war).

The basic principle of insurance is that you pay a relatively small quantity of money, what is called the premium, so that you can be covered against the risk of damage or loss that could lead to a very bad financial situation or even to bankruptcy. When the goods are covered by insurance, if something unexpected happens and the consignment is damaged or lost, the insurance company pays compensation for that merchandise. The premium is usually a percentage (that can range from 1% to 15% or more) of the total value of the goods. There are several documents related to insurance. In this unit we will see the insurance application, the insurance policy and the claim form.

Activity 12. Answer the following questions about the text.

- a. Why must goods be insured?
-
- b. Is it worthwhile insuring the goods? Why?
-
- c. What do you have to pay in order to get insurance?
-
- d. Name three documents related to insurance:
-

Activity 13. Find words in the previous text that match the following definitions.

| | |
|--|-------|
| • not having something any longer | |
| • protect | |
| • something given to compensate | |
| • act of obtaining something illegally | |
| • amount of money paid to obtain insurance | |

Activity 14. Complete the following text about the freight insurance with the missing words from the box.

When transporting cargo there are always _____ involved. _____ insurance or cargo insurance is often considered a necessity because it can allow exporters to recover losses if _____ are lost, damaged or stolen. The _____ to insure a consignment is usually less than 1% of the total value of the cargo and freight bill.

If you are using a carrier for the first time always ask how the cargo is to be _____ (whether it is by motor, rail, marine or inter modal), what the cargo insurance costs, what is covered what you need to claim, how _____

are handled and the carriers loss and damage record. Compare several carriers against each other and pick one that suits you. The amount that is available to claim often depends on the _____ of insurance cover purchased. The type of cargo insurance to be purchased can be decided upon by a variety of factors such as: time of year, route, destination port, cargo storage and packing.

Cargo _____ can be arranged by a variety of sources whether it be directly with a carrier, insurance broker or a freight _____. Wherever you purchase your insurance make sure it _____ the full journey and not just one part. Some carriers will only insure for the duration they are handling the shipment and not from the pick-up point to the final destination.

| | | | | |
|-------------|-----------|-----------|-----------|-------|
| transported | freight | claims | covers | risks |
| type | forwarder | insurance | shipments | cost |

FREIGHT INSURANCE DOCUMENTS



a. Insurance application

It is a document, usually a form, which has to be completed in order to apply for insurance. In this document the company provides all the necessary details about the goods and the commercial transaction as well as the risk that has to be covered.

Example of an Insurance application

RECORD EXPORTING CO.

12 Success Street East, 2nd floor
13321 Sydney, Australia
Tel: (07) 1234-5678 Fax: (07) 1234-8888
E-mail: shipping@recexports.com.au



| | | |
|---------------------|------------------------|----------|
| Shipper's Reference | Sales Confirmation No. | |
| | Commercial Invoice No. | |
| Insurance Company | Name | |
| | Tel. No. | Fax. No. |
| | Contact Person | Ref. No. |

1. NAME OF THE ASSURED (Beneficiary - Payable to the order of):
2. AMOUNT INSURED:
3. TERMS OF INSURANCE COVERAGE (Clauses):
4. LATEST ISSUING DATE OF INSURANCE POLICY:
 - Loading On Board date:
 - Dispatch/Taking In Charge date:
5. CLAIM AGENT:
 - Indicate complete name and address of claim agent at port of destination.
 - Indicate claims payable in _____ (city, country)
in _____ currency.
6. DESCRIPTION OF PACKAGES & GOODS:
7. MARKS & NUMBERS:
8. CONTAINER NUMBER:
9. CARRIER - VOYAGE/FLIGHT NO.
10. SHIPMENT ON OR ABOUT
11. FROM (Port of Loading)
12. FROM (Place of Dispatch/Taking In Charge)
13. TO (Port of Discharge)
14. VIA (Tranship At)
15. THENCE TO (For Transhipment To)

Other Instructions

| | | |
|----------------|---|------------------|
| Insurance Rate | No. of copy of the Insurance Policy required | Original |
| Premium | | Copy (Duplicate) |

Issued by:

Date:

You can read now an explanation of the most important fields to be completed in this document.

1. **Name of the assured (Beneficiary - Payable to the order of).** The exporter's complete name and address is entered in this field.
2. **Amount insured.** The minimum amount of insurance coverage the insurance document must indicate should be the **CIF** value of the goods plus **10%**. If the CIF value cannot be determined, the minimum amount of insurance coverage would be 110% of the total amount of the invoice. The insurance coverage of 10% more than the CIF value is intended as insurance against the loss of expected profit.
3. **Terms of insurance coverage (Clauses).** If the trade terms call for insurance, the letter of credit (L/C) normally will stipulate the type of insurance required and the additional risks which are to be covered, if any. (Unit 4 will give you more information about the letter of credit).
4. **Latest issuing date of insurance policy.** The insurance policy must bear a date of issue not later than the date of loading on board or dispatch or taking in charge as indicated in the transport document, since it will not cover risks previous to the date of issue.
5. **Claim agent: "Indicate complete name and address of claim agent at port of destination "; "Indicate claims payable in _____ (city, country) in _____ currency "** The exporter must check the insurance policy upon receipt to ensure that the claims and the claim agent at destination are properly indicated. Unless otherwise stipulated in the letter of credit (L/C), the insurance document must be expressed in the same currency as the L/C.

Activity 15. Answer the following questions.

a. What is the insurance application used for?

.....

b. What is the most important information it has to provide?

.....

.....

c. How much is the amount insured? Why is it bigger than the value of the goods?..

.....

.....

d. Why is it important to state the latest date of issue in an insurance policy?

.....

b. Insurance policy

The policy or insurance policy is a document that proves the insurance coverage. The format or layout of the insurance policy form varies from insurer to insurer, but all include the information provided in the insurance application. The policy is a kind of contract that has to be signed by the insurance company (insurer) and the payer of the premium (assured). The insurance policy is very often required by a letter of credit (see Unit 4). Due to the extension of this type of document, we have not included an example, though at the end of this unit you can find a web site address where samples of insurance policies are shown.



c. Insurance claim form

It is the document that has to be completed in order to claim compensation for goods that have been damaged or lost. The assured is obligated in the policy to do everything to minimize the loss or damage, to make claims against the carrier or any other party who could be responsible for the loss or damage, and to notify the insurer or claim agent immediately of the loss or damage. The insurer or claim agent then appoints a marine surveyor to inspect the subject matter insured and report on the cause of the loss or damage, the value of the cargo, and the extent of damage. The surveyor issues a Certificate of Loss, accompanied usually by the report of findings. When making an insurance claim, the claimant (the assured) usually is required to submit the following documents:

- Original insurance policy
- Original bill of lading or other transport document
- Commercial invoice
- Packing list

- Certificate of Loss
- Any correspondence with the carrier or any other party who could be responsible for the loss or damage
- Master's protest, that is, a written declaration by the ship's master giving details of disaster, accident or injury at sea.

Example of an insurance claim form



Simplified Claim Form

**Star Alliance
Insurance Group
Claims Department
P.O. Box 986
Columbia, SC 19202
USA**

Date: 08/22/2008

Ref. Number: 098976

(Show only if you want it referred to on check or correspondence.)

1. Policy No. 2398765

Name William Caster

Address 234 Norfolk Road, Norfolk

Postcode 23005 Tel No. +44 987 9087

Business: CASTER Jewellery Distribution Co.

2. This is my Claim for \$ 13,450

Southern Freight Bill number and Date 1234 07/18/2008

(Important: Unable to process without this information)

Claim is filed for:

Visual Damage (Noted on Freight Bill)

Shortage (Noted on Freight Bill)

Concealed Damage (Discovered after Delivery)

Concealed Loss (Discovered after Delivery)

Has this matter been reported to the Police or some other authority? **NO**

Consignor's Name and address: Southern Freight Inc., 123 Wall Road, 21345 New York

Collection point (if different from 1. above) Same as above

Detailed statement showing how amount claimed is determined: *(See instructions on reverse side)* Ten of the watches ordered were missing. The amount claimed corresponds to the estimation of the 110% of the value of the goods missing.

Send with this claim form: **ORIGINAL INVOICE** (Certified copy acceptable)

*****CLAIM CANNOT BE HANDLED WITHOUT INVOICE*****

If this claim is for repair cost to a damage, in addition to the original invoice, a detailed repair invoice showing the cost of material, etc., must also be included.

Every effort will be made to settle your claim within fifteen (15) days of receipt. Please sign the form and give us your phone number in the event we find it necessary to call you regarding this claim.

I declare the foregoing particulars and statements of claim to be correct and true to the best of my knowledge and agree to give any further information and assistance which may be required.

Signature of Insured

William Caster

Date 08/22/2008

(Mail to the address at top of form or FAX to 803-739-1540)

Activity 16. Complete the following sentences.

a. The difference between an insurance application form and an insurance policy is.....

.....

.....

.....

b. A company has to file an insurance claim form when

.....

c. The surveyor is the person who

.....

.....

d. In the example above, which are the documents that have to be handed in with the claim form?

e. In the example above, what is the reason for claiming?

.....

.....

TYPES OF INSURANCE

When we started talking about insurance, we established two main types: freight or cargo insurance and Exports Credit Insurance. Within the former type, there can also be different types of insurance depending on the risk covered. In the next table, the most common types of insurance used in international trade are presented.



| | |
|--------------------|--|
| FIRE | This type of insurance covers the risk of fire, and so the risk that the goods get burned. Other similar risks it can also cover are flooding, explosions, etc. |
| ACCIDENT | It covers the risk of any type of accident, such as vessel or craft stranded, sunk, burnt or capsized, collisions, or dropping of packages while loading or unloading. |
| CONSEQUENTIAL LOSS | It covers the risk of several types of accidents, usually involuntarily provoked by employees. |
| THEFT | The goods are covered against being stolen. |
| ALL RISKS | An all-risks policy covers all the risks mentioned above, though it may even include others. All these risks must be clearly stated in the policy. |

Activity 17. Translate the following sentences from English into Spanish.



- a. It is warranted and agreed to by the Assured and the Company that in the event of loss or damage becoming recoverable under this Policy, the Company will not be liable for more than its share of the loss or damage at the rate of exchange mentioned in this Policy.
-
-

- b. The exporter must check the insurance policy upon receipt to insure that the claims and the claim agent are properly indicated
-
-

Communicative Situation 1



Your company, S. Bellart, has one of its main suppliers near Saint Petersburg in Russia. This company, Stinislaika Petrov, has to deliver 1,000 cases of panty hoses to your warehouse in Barcelona. You have been given information about price quotations, transport costs and insurance charges. Read the information and select the most appropriate price quotation for your company. There may be more than one answer provided you give appropriate reasons for your choice. Write a memo to your manager explaining your decision.

STINISLAIKA PETROV

Panty hoses models DTK 2 and TFD 4

Sizes: S – M – L

Quotations for 1,000 cases (total 10,000 units)

EXW: 12,000 euros

FOB Saint Petersburg: 14,000 euros

CIF Barcelona: 30,000 euros

DDP Sara Bellart premises: 31,000 euros

Additional information

- Your usual carrier for sea freight from Scandinavia would charge 13,000 euros for the transportation of goods from Saint Petersburg to Barcelona, plus 3,800 euros for all risk insurance.
- A road transport company charges you the equivalent of 3,000 euros from their premises to Saint Petersburg port, including insurance.
- You can use S. Bellart own vans for transport within Barcelona.

Communicative Situation 2



Your company, PICS S.A. (Polígono El Serrador, nave 234, Cabanes), a distributor of bicycles for the Valencian Community, has purchased 120 bicycles from KWIN (Luo Sha Road, Shenzhen) a bicycle manufacturer in China. In the order you already advanced that you would send very detailed instructions about how the bicycles must be packed for transport. In their last

consignment of 50 bicycles, 10 had broken wheels and half of the pieces did not fit with the other pieces in the box. Finally you had to return 30 of the bicycles. However, given the very competitive prices of this company you are trying again, but want to make sure it does not happen again by giving them detailed instructions about packing conditions. Write a letter or any other document with instructions similar to the example of communication about packing conditions seen on page 72.

For more information about the business issues of this unit, you can look up at the following websites

- <http://www.export911.com/e911/export/comTerm.htm> (Incoterms)
- http://www.iccwbo.org/index_incoterms.asp (Incoterms)
- http://www.scinet-corp.com/asociados/demo_incoterms.htm (Incoterms)
- <http://www.giagroup.com/terms-of-trade-p.cfm> (foreign/international trade terms)
- <http://www.export911.com/e911/prod/packing.htm> (export packing)
- <http://www.export911.com/e911/ship/duration.htm> (insurance)
- <http://www.trafalgargar-intl.com/definitions4.htm#P> (a glossary of Insurance terms)
- <http://www.mend.com/html/newsform.html> (sample of freight insurance policy)
- <http://www.sefl.com/uspdfdocs/SFLSimplifiedClaimForm.pdf> (sample of claim form)



APPENDIX. COMPLETE LIST OF INCOTERMS

INCOTERMS 2000 are internationally accepted commercial terms defining the respective roles of the buyer and seller in the arrangement of transportation and other responsibilities and clarify when the ownership of the merchandise takes place. They are used in conjunction with a sales agreement or other method of transacting the sale.



- **EXW - Ex Works** (*En fábrica/Franco fábrica... lugar convenido*) — Title and risk pass to buyer including payment of all transportation and insurance cost from the seller's door. Used for any mode of transportation.
- **FCA - Free Carrier** (*Franco transportista... lugar convenido*) — Title and risk pass to buyer including transportation and insurance cost when the seller delivers goods cleared for export to the carrier. Seller is obligated to load the goods on the Buyer's collecting vehicle; it is the Buyer's obligation to receive the Seller's arriving vehicle unloaded.

- **FAS - Free Alongside Ship** (*Franco al costado del buque... Puerto de carga convenido*) — Title and risk pass to buyer including payment of all transportation and insurance cost once delivered alongside ship by the seller. Used for sea or inland waterway transportation. The export clearance obligation rests with the seller.
- **FOB - Free On Board** (*Franco a bordo... Puerto de carga convenido*) — Title and risk pass to buyer including payment of all transportation and insurance cost once delivered on board the ship by the seller. Used for sea or inland waterway transportation.
- **CFR - Cost and Freight** (*Coste y flete ... Puerto de destino convenido*) — Title, risk and insurance cost pass to buyer when delivered on board the ship by seller who pays the transportation cost to the destination port. Used for sea or inland waterway transportation.
- **CIF - Cost, Insurance and Freight** (*Coste, seguro y flete... Puerto de destino convenido*) — Title and risk pass to buyer when delivered on board the ship by seller who pays transportation and insurance cost to destination port. Used for sea or inland waterway transportation.
- **CPT - Carriage Paid To** (*Transporte pagado hasta ... lugar de destino convenido*) — Title, risk and insurance cost pass to buyer when delivered to carrier by seller who pays transportation cost to destination. Used for any mode of transportation.
- **CIP - Carriage and Insurance Paid To** (*Transporte y seguro pagados hasta ... lugar de destino convenido*) — Title and risk pass to buyer when delivered to carrier by seller who pays transportation and insurance cost to destination. Used for any mode of transportation.
- **DAF - Delivered at Frontier** (*Entregada en frontera... lugar convenido*) -- Title, risk and responsibility for import clearance pass to buyer when delivered to named border point by seller. Used for any mode of transportation.
- **DES - Delivered Ex Ship** (*Entregada sobre buque ... puerto de destino convenido*) — Title, risk, responsibility for vessel discharge and import clearance pass to buyer when seller delivers goods on board the ship to destination port. Used for sea or inland waterway transportation.
- **DEQ - Delivered Ex Quay (Duty Paid)** (*Entregada en muelle ... puerto de destino convenido*) — Title and risk pass to buyer when delivered on board the ship at the destination point by the seller who delivers goods on dock at destination point cleared for import. Used for sea or inland waterway transportation.

- **DDU - Delivered Duty Unpaid** (*Entregada derechos no pagados ... lugar de destino convenido*) — Title, risk and responsibility of import clearance pass to buyer when seller delivers goods to named destination point. Used for any mode of transportation. Buyer is obligated for import clearance.
- **DDP - Delivered Duty Paid** (*Entregada derechos pagados ... lugar de destino convenido*) — Title and risk pass to buyer when seller delivers goods to named destination point cleared for import. Used for any mode of transportation.

Note: EXW, CPT, CIP, DAF, DDU and DDP are commonly used for any mode of transportation. FAS, FOB, CFR, CIF, DES, and DEQ are used for sea and inland waterway.

UNIT IV

Methods of payment



In international trade you have to make transactions with old and new customers, whom you may or may not trust. This means that the exporter has to be very cautious if s/he wants to assure payment. There are several types of problems when dealing with payment, among which the most important are (¶1):



1. Mistrust: it is not always easy to know the other company's liability and financial reputation.
2. Distance: there may be a great geographical distance between the place of origin and the place of destination of the goods, and this may also mean a lot of differences in the two legal systems, and in their currency system.
3. Time: geographical distance may also involve a long time in transit, with all the dangers this conveys (¶2).

Along the many years of international trade in the world, several methods of payment have been developed in order to solve these problems. The most widely used of them are the following:

1. Cheque and bank transfer
2. Bill of Exchange (draft)
3. Letter of Credit (¶3)



CHEQUE AND BANK TRANSFER

When exporting to other countries, payment by cheque and bank transfer occurs more often in a small order, ranging from a few hundred to a couple of thousand European

euros or U.S. dollars. Cheques and bank transfers are often used in open account and consignment trade arrangements (¶14).

Both large and small companies may fail in their payments, regardless of the amount involved. In times of economic uncertainty, companies may even go out of business. So, it is important to receive the cheque or bank transfer before dispatching the shipment. Unless the financial reputation of the importer is known, the exporter should wait until the cheque or bank transfer has been cleared before shipping the consignment. International clearing of cheques and bank transfers takes 3 to 4 weeks usually. Remember that unfortunately not all cheques are genuine.(¶15)

Trade Arrangements Using the Cheque and Bank Transfer

- Open Account

In an open account trade arrangement, the goods are shipped to a buyer without guarantee of payment. Quite often, the buyer does not pay on the agreed time. Unless the buyer's integrity is unquestionable, this trade arrangement is risky to the seller. In an open account system, the exporting company sends the goods together with the invoice to the importing company. Then the importing company, after receiving the goods, pays the exporting company by transferring the due amount of money to the exporter's bank account.(¶16)

- Consignment

In this type of trade arrangement, the exporter dispatches or ships the goods to the importer before any payment has been made. The importer is obliged to pay the exporter for the goods once they are sold. The exporter is the owner of the goods until the importer has sold them. (¶17)

- Cash In Advance (CID)

The cash in advance, which is the safest payment arrangement, consists in transferring the payment from the buyer to the seller before the actual delivery of the goods takes place. This method of payment is most often effected using the cheque or bank transfer. In some cases, the CID term is paid using the telegraphic transfer (T/T).(¶18)

Activity 1. Answer the following questions about the previous text.

a. Name three problems that can be found in international trade:

.....

.....

- b. When are you advised to use payment by cheque or bank transfer?
-
- c. Should the exporter deliver the goods before receiving payment if the method used is cheque or bank transfer and you do not know the company?
-
- d. What is the difference between open account and consignment trade arrangements?
-
-
- e. Who is most benefited in a transaction using Cash In Advance arrangement, the exporter or the importer?
-

Activity 2. Find in the text synonyms for the following words and expressions. You can see in the brackets the paragraph where each word can be found.

- a. Clients (¶1).....
- b. Lack of confidence (¶2).....
- c. Quantity (¶5).....
- d. Valid (¶5).....
- e. Deliver (¶6).....
- f. Owed (¶6).....

BILL OF EXCHANGE (DRAFT)

The bill of exchange (B/E), commonly referred to as the draft or the bill, is an unconditional order in writing, signed and addressed by the drawer or beneficiary (the exporter usually) to the drawee (the importer, the confirming bank or the importer's bank usually), requiring the drawee to pay the drawer a certain sum of money at sight or at a fixed time. The draft is widely used



in international trade, most frequently as the method of payment described in a letter of credit (L/C). (¶1)

Drafts Drawn On the Bank

In the sample, the draft is drawn by United Exports (drawer). The drawee, Binivici Bank in representation of the importer, has to pay a certain amount of money to Banco Antigua, representing the exporter, as follows:



| | |
|---|---|
| Exchange for 25,000.00 € | No. CI-09890 |
| | <u>12 August 2008</u> |
| <u>At sight</u> | <u>of this first Bill of Exchange (Second Unpaid)</u> |
| <u>pay to the order of</u> | <u>United Exports</u> |
| <u>the sum of</u> | <u>Twenty five thousand euros</u> |
| Drawn under Documentary Credit No. SB-09652 of Binivici Bank, Casablanca, Morocco, dated 23 May 2008 | |
| To <u>Banco Antigua</u> | United Exports |
| <u>Calle Herminio Cerro, 22</u> | |
| <u>65001 Córbova</u> | |
| <u>Spain</u> | |

The “No.” (number) in the above sample draft may be used for the exporter’s reference number. Bills of Exchange have the advantage from the importer’s point of view that the goods can be negotiated and even sold before having even been paid. (¶2)

There are four parties involved in a Bill of Exchange or draft:

- The drawer: the exporting company, the seller, to which the payment of the goods is owed by the importing company, the buyer. The drawer can also be the exporter’s bank when it acts as a confirming bank.
- The drawee: the importing company or buyer which has to pay for the goods to the exporting company.
- Remitting Bank: the exporter’s bank where the exporter sends the draft, shipping documents and instructions, and who subsequently sends them to the collecting bank. The exporter’s bank can act as an advising bank (only checking the documents), or as a confirming bank (taking over the responsibility of paying the exporter if the importer does not).

- Collecting Bank (Presenting Bank): the bank in the importer's country (the importer's bank usually) involved in processing the collection presents the draft to the importer for payment or acceptance, and thereafter gives the shipping documents to the importer according to the instructions of the exporter. (¶13)

When the payment is made by means of a draft or Bill of Exchange, payment can be settled in two ways:

1. Documents against payment (D/P)
2. Documents against acceptance (D/A) (¶14)

1. Documents against payment (D/P)

In the documents against payment (D/P), the documents attached to the draft (bill) drawn by the exporter and needed to obtain the goods are delivered to the importer only after he/she has paid the draft. This method of payment applies to a *sight draft*. (¶15)

2. Documents against acceptance (D/A)

In the documents against acceptance (D/A), the documents attached to the draft (bill) drawn by the exporter and needed to obtain the goods are delivered to the importer only after he/she has accepted the draft for later payment. After this acceptance, a period of 30, 60 or 90 days may go by before payment is settled by the importing company, as previously negotiated between the importing and the exporting company. This method of payment applies to a *term draft*. (¶16)

From the point of view of the exporter, a bill of exchange does not guarantee payment by itself. The main advantage is that the exporter can negotiate the B/E and sell it to a specialised bank. (¶17)

Activity 3. Complete the following sentences with the information provided in the text.

a. The bill of exchange is used to pay.....

b. From the importer's point of view, the advantage of the bill of exchange is.....

c. In payment by means of a draft the pays the The exporter's bank or bank's function is to send all the documents to the bank, which sends them to the importer.

d. In the documents against payment the goods are delivered by the exporter when.....

e. In documents against acceptance the importer has to.....

Activity 4. SISTEC S.L. is a distributor of small house appliances located in Castelló. They have placed an order of 50 hairdryers for a total value of 1,150 € to ANCWERK Exports Services placed in Baden Baden (Germany). ANCWERK Exports Services have issued a Bill of Exchange drawn on their remitting or confirming bank, Badenbank located at Hauptstrasse 16-18, 77183 Baden Baden, Germany. ANCWERK and SISTEC have already agreed the method of payment will be by Letter of Credit, which was already opened last week by the importer's bank, CAJABANK in Castelló (documentary credit No. FR-10294 of 30 January 2008). Fill in the following Bill of Exchange with the corresponding information.

No. NM-34500

Exchange for 20

..... of this first Bill of Exchange (Second Unpaid)

pay to the order of


the sum of

To

.....

.....

.....



DOCUMENTARY CREDIT (LETTER OF CREDIT or L/C)



The documentary credit, — letter of credit, documentary letter of credit, or commercial letter of credit — is an arrangement by means of which the applicant (the importer) requests and instructs the issuing bank (the importer's bank) to pay the beneficiary (the exporter) or to accept and pay the draft (bill of exchange) drawn by the beneficiary, provided that the terms and conditions of the documentary credit are fully complied with. It is the only method that guarantees payment to the exporter since the documents the importer needs to collect the goods are not released until payment is satisfied or until a draft is accepted. This is why it is the most usual all over the world. However, it is also the most expensive, since banks charge about 25% of the total amount of the transaction. (¶1)

There are also four parties involved in a letter of credit:

- importing company
- importing/importer's bank, also known as issuing bank
- exporting company
- exporting/exporter's bank, also known as agent bank or confirming bank, since it confirms payment to the exporting company in case it is not settled by the importing company.(¶2)

Irrevocable versus Revocable Letter of Credit

A letter of credit (L/C) can be irrevocable or revocable. The L/C usually indicates whether it is an irrevocable or revocable letter of credit. In the absence of such indication, the L/C is supposed to be irrevocable.(¶3)

- **Irrevocable Letter of Credit:** An irrevocable letter of credit cannot be amended or cancelled without the consent of the issuing bank and the beneficiary. The payment is guaranteed by the bank if the credit terms and conditions are fully met by the beneficiary. The words “irrevocable documentary credit” or “irrevocable credit” may be indicated in the L/C.(¶4)
- **Revocable Letter of Credit:** A revocable letter of credit can be amended or cancelled by the issuing bank at any time without the consent of the beneficiary, often at the request and on the instructions of the applicant. There is no security of payment in a revocable letter of credit (L/C). The words “this credit is subject to cancellation without notice”, “revocable documentary credit” or “revocable credit” are usually indicated in the L/C. The revocable L/C was not uncommon

in the 1970s and earlier when dealing with less developed countries. It is rarely seen these days in international trade. (15)

The sample letter of credit (L/C) below is a Confirmed Irrevocable Letter of Credit which opens by means of full text cable, in SWIFT format. **SWIFT** stands for **Society for Worldwide Interbank Financial Telecommunications**.

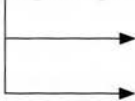
Diagram

Bills of Exchange and Letters of Credit are closely related, since the latter often includes the former. Next, you can find a diagram of the process of commercial transaction following these methods of payment after the order has been agreed:



Step 1

Importing Company



Tells **Importing Bank** to open an L/C in favour of the **Exporting Company**
Informs **Exporting Bank** that L/C is open

Step 2

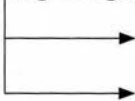
Exporting Bank



Informs **Exporting Company** that L/C is open

Step 3

Exporting Company



Sends goods to **Importing Company**
Sends documents to **Exporting Bank**

Step 4

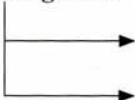
Exporting Bank



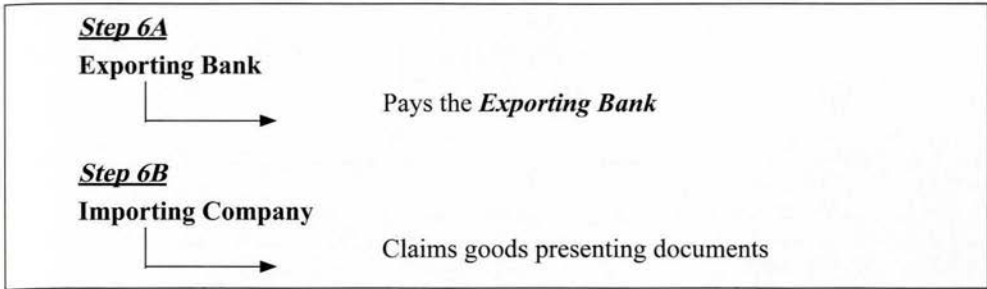
Checks documents + sends them to **Importing Bank**

Step 5

Importing Bank



Checks documents and if OK pays to **Exporting Bank**
Sends documents to **Importing Company**



Example of Letter of Credit (Documentary Credit)

Opened by means of full text cable (in SWIFT* format)



| | |
|--|---|
| ----- - Transmission - ----- | |
| Received from SWIFT | |
| Network priority: Normal | |
| Message output Reference: 6543 010126 | |
| Message input Reference: 6543 010125 | |
| ----- - Message Header - ----- | |
| SWIFT output delivery status: Open Asked | |
| Sender: | The King Bank Royal City Import-Country |
| Receiver: | The President Bank 5 Republic Blvd. Export-City and Postal Code Export-Country |
| ----- - Message Text - ----- | |
| 20 | Documentary credit number SB-87654 |
| 23 | Issuing bank's reference SBRE-777 |
| 31C | Date of Issue 7 February 2008 |
| 31D | Date and place of expiry 7 April 2008 Export-City, Export-Country |
| 32B | Currency code amount Twenty Five Thousand European Euros (€ 25,000.00) |

| | |
|-----|--|
| 39B | Maximum credit amount Not exceeding Twenty Five Thousand European Euros (€ 25,000.00) |
| 40A | Form of documentary credit Irrevocable |
| 41D | Available with ... by ... Draft(s) drawn on The President Bank, by payment |
| 42C | Drafts at At sight for full invoice value |
| 42D | Drawee - Name and Address The President Bank, 5 Republic Blvd., Export-City and Postal Code, Export-Country |
| 43P | Partial shipments Prohibited |
| 43T | Transshipments Permitted |
| 44A | On board/disp/taking charge Repmon Port, Export-Country |
| 44B | For transportation to Kingdom Port, Import-Country |
| 44C | Latest date of shipment 30 March 2007 |
| 45A | Description of goods and services 300 Sets 'RT4' Brand Screwing Drivers, 1/2" drive, complete with handle, CIF Kingdom Port |
| 46A | Documents required <ul style="list-style-type: none"> 1. Signed commercial invoice in five (5) copies indicating the buyer's Purchase Order No. DEF-101 dated 28 January 2008. 2. Packing list in five (5) copies. 3. Full set 3/3 clean on board ocean bill of lading, plus two (2) non-negotiable copies, issued to order of The King Bank, Royal City, Import-Country, notify the above accountee, marked "freight Prepaid", dated latest 30 March 2008, and showing documentary credit number. 4. Insurance policy in duplicate for 110% CIF value covering Institute Cargo Clauses (A), Institute War and Strike Clauses, evidencing that claims are payable in Import-Country. |

| | |
|-----------------------------|---|
| 47A | <p>Additional conditions</p> <ol style="list-style-type: none"> 1. All documents indicating the Import License No. IP/123456 dated 9 January 2008. 2. Draft(s) drawn under this credit must be marked: "Drawn under documentary credit No. SB-87654 of The King Bank, Royal City, Import-Country, dated 7 February 2008". 3. This credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500. |
| 48 | <p>Period of presentation</p> <p>Documents must be presented for payment within 15 days after the date of shipment</p> |
| 49 | <p>Confirmation instructions</p> <p>Add your confirmation</p> |
| 50 | <p>Applicant</p> <p>DEF Imports, 7 Queen Street, Royal City, Import-Country</p> |
| 52A | <p>Issuing bank</p> <p>The King Bank, Royal City, Import-Country</p> |
| 57D | <p>Advise through bank</p> <p>The President Bank, 5 Republic Blvd., Export-City and Postal Code, Export-Country</p> |
| 59 | <p>Beneficiary</p> <p>UVW Exports, 23 Success Street South, Suite 707, Export-City and Postal Code, Export-Country</p> |
| 71B | <p>Charges</p> <p>All charges outside the Import-Country are on beneficiary's account</p> |
| 78 | <p>Instruction to pay/accept/negot. bank</p> <p>Documents to be forwarded to us in one lot by courier</p> |
| ----- Message Trailer ----- | |
| MAC: ABCD1234 | |
| CHK: ABCDEFG12345 | |

Activity 5. Answer the following questions about the text.

a. Why is a letter of credit the only method that guarantees payment?

.....

.....

.....

b. Why is the exporting bank also called confirming bank?

.....
.....

c. What is the difference between an irrevocable and a revocable letter of credit?

.....
.....

Activity 6. Read the example of the Letter of Credit and fill in the blanks.

- The sender is _____
- The receiver is _____
- (31C) The date of issue is _____
- (31D) The period of validity of the document is _____
- (32B-39B) The amount of currency and the maximum credit amount is _____
- (40A) The form of documentary credit is _____
- (41D-42C) There are drafts that must be paid _____
- (42D) Payment has to be settled to _____
- (43P) It is prohibited to _____
- (43T) It is permitted to _____
- (44A) The port of departure is _____
- (44B) The port of destination is _____
- (45A) The consignment consists of _____
- (45A) The INCOTERM chosen by both parties is _____
- (46A) The documents required are _____

.....
.....
.....

- (47A) There are three additional conditions related to _____

- (48) The documents have to be presented _____

- (50) The applicant or importer of the goods is _____
- (52A) The importer's or issuing bank, also known as the drawer of this document is _____
- (57D) The exporter's or advising bank, also known as the drawee is _____

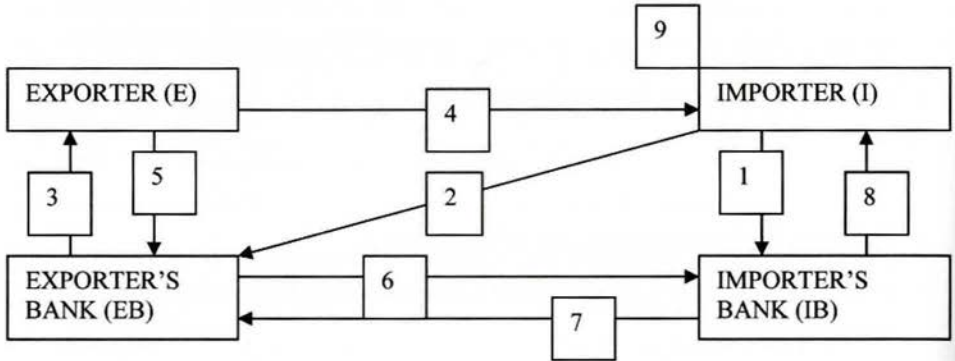
- (59) The beneficiary, seller or exporter is _____
- (78) The documents have to be sent to the importer's bank _____

Process to use a letter of credit as the method of payment

1. The importing company requests the importing bank to open an L/C in favour of the exporting company.
2. The importing company informs the exporting bank that the L/C has been opened at their bank (importer's bank).
3. The exporting bank informs the exporting company that the L/C has been opened by the importing company.
4. The exporting company dispatches the goods to the importing company and submits the documents to the exporting bank.
5. The exporting bank checks the documents and, if everything is correct, sends them to the importing bank.
6. The importing bank checks again the documents and, if they are accepted, satisfies payment to the exporting bank, and sends the documents to the importing company.
7. The importing company can then claim the goods by presenting the documents at the collection point.



Activity 7. Match the stages of the process with the corresponding number according to the diagram, which shows how to use a letter of credit in an international transaction.



- (I) can claim the goods by presenting the documents at the collection point _____
- (IB) checks documents and satisfies payment to (EB) _____
- (E) submits documents to (EB) _____
- (I) informs (EB) that the L/C is open _____
- (E) dispatches goods to (I) _____
- (I) requests to open an L/C in favour of (E) _____
- (EB) checks documents and sends them to (IB) _____
- (EB) informs (E) that the L/C has been opened by (I) _____
- (IB) sends documents to (I) _____

Activity 8. Listen to the following dialogue. Then in a second listening complete the parts that are missing. A third listening will give you the opportunity to check if it is right.



Mr. Jacques Hangu: Good morning. My name is Jacques Hangu, from Transylvania Furniture in Bucarest. I would like to speak with Mr. Pérez.

Receptionist: _____

- Mr. Manuel Pérez: Hello, Mr Hangu. How are you? Did you have a nice trip?
- Mr. Jacques Hangu: Well, actually it was not as good as I had expected. The flight was delayed, and when I arrived at the hotel, they had not kept my reservation and I had to look for another hotel. The problem was that it was past midnight.
- Mr. Manuel Pérez: _____ . If there is anything we can do for you.
- Mr. Jacques Hangu: No, thank you. This is my last meeting here, and _____ .
- Mr. Manuel Pérez: Let's get down to work, then. How can I help you?
- Mr. Jacques Hangu: As you may remember, _____ for one of our hotels which we are at present refurbishing. We agreed that _____ .
- Mr. Manuel Pérez: Yes, that's right. I can show you our models immediately.
- Mr. Jacques Hangu: Could I suggest discussing first the terms of payment?
- Mr. Manuel Pérez: Yes, of course. What do you propose?
- Mr. Jacques Hangu: We usually deal with a lot of manufacturing companies all over the world, and as you can imagine _____ .
Banks charge high commissions for complicated transactions and we try to avoid them.
- Mr. Manuel Pérez: Go ahead, please.
- Mr. Jacques Hangu: We would be willing to place our order and possibly further orders in the future, _____ .
- Mr. Manuel Pérez: But, Mr Hangu, I think we can both agree this is quite unusual for a new international transaction. _____ .
- Mr. Jacques Hangu: Yes, I see your point. I can provide you with all the information you require about other suppliers we are working with, so that _____ .
_____ . We have never had any problem. We are a large prestigious company, you can believe that.

Mr. Manuel Pérez: Well, Mr Hangu. Let me think about it. In the meanwhile, _____ and we will contact them. Can I give you a reply in, let's say, one week?

Mr. Jacques Hangu: Yes, that'll be fine. _____

 Can we see now your models?

Mr. Manuel Pérez: Yes, of course. Let's go this way....

DOCUMENTS USED IN INTERNATIONAL TRADE TRANSACTIONS



Documentary credits usually require a number of documents to be provided by the exporter. The most important information of those documents is the following:

1. The **bill of lading** (in ocean transport), **waybill or consignment note** (in air, road, rail or sea transport), and **receipt** (in postal or courier delivery) are collectively known as the *transport documents*. The bill of lading (B/L) serves as a receipt for goods, an evidence of the contract of carriage, and a document of title to the goods. The B/L must indicate that the goods have been loaded on board or shipped on a named vessel, and it must be signed or authenticated by the carrier or the master, the captain, in a ship. Bills of lading can be clean (i.e. certifying that goods are in perfect conditions) or *dirty* or *foul* (i.e. indicating that some goods have been damaged).
2. The **commercial invoice** is the document sent to request payment. It must clearly describe the goods, the quantities and the price of each and all items.
3. The **packing list** is an extension of the commercial invoice, as such it looks like a commercial invoice. It has to contain a description of the goods, including measurements and weight. The exporter or the freight forwarder reserves the shipping space based on the gross weight or the measurement shown in the packing list. Customs uses the packing list as a check-list to verify the outgoing cargo (in exporting) and the incoming cargo (in importing). The importer uses the packing list to inventory the incoming consignment.
4. The **certificate of origin** is a document certifying the country in which the product was manufactured, and in certain cases may include such information as where the raw materials come from or where and how the product has been manufactured.

Activity 9. Match the definition with the correct document from those presented in the previous text.

- a. Document issued to request the buyer to pay for the goods.....
- b. Document that certifies that goods come from a determined geographic area.
.....
- c. Document that certifies that goods have been placed on a certain means of transport.
- d. Document that describes precisely all the goods in a consignment.
.....

Activity 10. Translate the following sentences from Spanish into English.

- a. Según lo acordado, el pago se efectuará en 60 días mediante letra de cambio, documentos contra aceptación, y todos los documentos deberán remitirse a nuestro banco en Barcelona.
-
-
-
-

- b. Hemos decidido aceptar su propuesta y el pago se realizará mediante una Carta de Crédito irrevocable.
-
-
-

- c. Lamentamos informarle que no podemos aceptar el pago por transferencia bancaria ya que es nuestra primera transacción comercial con ustedes. Sugerimos pago por adelantado o carta de crédito.
-
-

-
-
- d. En un Crédito Documentario habitualmente el banco emisor es el banco del importador y el banco del exportador actúa en muchas ocasiones como banco confirmador.
-
-
-

Communicative Situation 1



Bitani Healthcare, based in Milan (83 Lanstrada, Milan, Italy) has placed an order for 1,000 boxes of ibuprofen pills against headache. Their supplier is Nuroby Pharmaceuticals, based in Bern (342 Allmeinstrasse, Bern, Switzerland). The total value of the consignment is 2,850 €. Prepare and perform a negotiation in pairs between Mr/Ms Patten, Sales Manager of Nuroby Pharmaceuticals and Mr/Ms Camiotti, Chief Buyer of Bitani Healthcare. Read the information to perform your role, but do not read the other part.

Mr/Ms Patten, Sales Manager of Nuroby Pharmaceuticals

Bitani Healthcare and Nuroby Pharmaceuticals have been working together for the last 5 years, with a very good commercial relationship. However, last year Bitani had a delay of three weeks in one of the four orders they placed. You have been using the open account method of payment for the last 2 years and up to this moment there had been no problems, and both companies were benefited, but now you have lost some confidence.

One alternative is a letter of credit, which may mean that the bank will charge you 25% of the total value, which you in turn will have to negotiate with your customer. Other alternatives are cash in advance, or a bill of exchange, documents against payment, though this may also mean an additional fee for the bank.

Mr/Ms Camiotti, Chief Buyer of Bitani Healthcare

Bitani Healthcare and Nuroby Pharmaceuticals have been working together for the last 5 years, with a very good commercial relationship. However, last year Bitani had a delay of three weeks in one of the four orders they placed, due to a problem

with your bank. You have been using the open account method of payment for the last 2 years and up to this moment there had been no problems. In fact, both companies were benefited, and you want to continue using the same method of payment, that is, open account. If other methods are proposed, you will not accept any additional amount for payment transactions.



Communicative Situation 2

You are the Accounts Manager at Bröderna Jörgens Fisk AB (Kyrkogatan 84, 44030 Marstrand), a Swedish fish canning company. Your bank is ABN-AMRO Bank (Jarlskatan 13, 44030 Marstrand Sweden). You have already agreed with your customer, Pescados López (C/Ermita 45, Segorbe, Castelló) to supply a consignment of canned Swedish herring for a total value of 130,000 SEK (Swedish Crown). They opened a Letter of Credit in your favour (No. RH-987654) on 12 January this year, and their bank is BBVA (C/Mayor 1, Segorbe, Castelló). Write a letter asking your bank to issue two drafts for the same value drawn by your company on the Importer's Bank, and the letter of reply from the bank with the drafts. The first draft should be at sight and the second one on acceptance.

If you want to know more about methods of payment in the business context, you can either look up.



Nilsen, R. 1989. *Methods of International Payments: Presentation*. Denver, Co.: United Bank of Denver.

Shaw, Ph. 1989. *Methods of Payment in International Trade: Presentation to the Ireland-Spain Economic Association*. Dublin Chamber of Commerce.

Gordon J. S. 2000. *Export/Import Letters of Credit and Payment Methods: A Guide for Payments in International Trade*. Dayton, OH: Global Training Center

Nelson C. A. 2000. *Import/Export: How to Get Started in International Trade*. New York: McGraw Hill, Inc.

or the following websites

<http://www.export911.com/e911/>

<http://www.agmrc.org/agmrc/business/operatingbusiness/paymentmethods.htm>

<http://www.bankexperts.co.uk/international-trade/international-payments.htm>

<http://www.sitpro.org.uk/trade/paymentmethods.html>





UNIT V

Placing orders



Business means success, and success is based on selling as much output as possible. Considering this fact, it is important to see how companies deal with orders. In this unit we want to point out how orders are placed; similarly, we will also pay attention to the way companies reply when asked to supply a product or service.



The first aspect we should deal with is considering how most orders are placed. In real life, the overwhelming majority of orders are placed on the phone, as it is the quickest way to know about the availability of the products or services needed. Nevertheless, it is important to consider that most business transactions require a written document acknowledging all the relevant data related to the purchase. This document is often an order form, which should be completed and signed by the buyer.

Technology is allowing most companies to send these documents by either fax or electronic mail. In any case, some international transactions require an original covering letter to accompany the order form. Both documents are often completed and sent after the transaction has already been placed on the phone, and regular mail is often used in order to submit these documents. Additionally, new advances in technology allow any buyer to place an order on screen, as the use of the Internet is becoming the main means of communication to sell products.

As we said above, in this unit we will analyse how orders are placed. Thus, we will see all the different ways to carry out this task, such as:

- Placing orders on the phone
- Writing a covering letter and completing an order form
- Using the fax and e-mail to place orders
- Replying an order
- Using the Internet to place an order



Activity 1. Answer the following questions according to the previous information.

a. In how many ways can you place an order?

.....

.....

b. Are faxes and electronic mail two usual means of communication used to place orders internationally?

.....

.....

.....

c. Who should complete and sign the order form?

.....

.....

.....

d. Is the Internet used to place orders?

.....

.....

.....

Activity 2. Match synonyms from the two columns.

| Words in the text | Synonyms |
|-------------------|---------------|
| a. to reply | 1. purchaser |
| b. to supply | 2. to develop |
| c. overwhelming | 3. fast |
| d. quick | 4. vast |
| e. to require | 5. to ask for |
| f. relevant | 6. key |
| g. buyer | 7. to answer |
| h. to carry out | 8. to provide |

| | | | |
|---------|---------|---------|---------|
| a. | c. | e. | g. |
| b. | d. | f. | h. |

PLACING AN ORDER ON THE PHONE

Experience proves that many companies, when in need of buying products from other firms, often use the phone to carry out the task. Telephoning in order to get products or services allows a quick response, and this implies a greater ability to negotiate both prices and conditions.



Most professionals recommend this type of communication procedure in order to place an order, as it gives the opportunity of getting tighter links with our counterparts in other companies, something that is quite appreciated by many international firms.

Many companies use this system, though there can be problems that we will try to illustrate with the following brainstorming activity.

Activity 3. Discussion activity. Consider the problem and figure out a possible solution. Solve the following situation in small groups.

You are selling furniture for a company. Suddenly, one morning you receive a telephone call from a good customer from France. This person is asking for 200 mahogany tables, one of your most expensive items. After arranging the deal, establishing final price and delivery conditions, you require the caller to send a written copy of the order. Some minutes later you get in touch with the production unit in order to start producing this expensive order.

Unfortunately, some weeks later, once the production is almost complete, you get a telephone call again from the same buyer, who asks you about the order. You inform him that the 200 mahogany tables are almost finished, but he interrupts you; there should be a mistake, as he said that he had only asked for 20 units. You are fairly sure that he ordered 200 units, but he insists that it was your mistake. Obviously, he never sent a written copy of the order, and so it is now impossible to prove yourself right.

Questions arising: how do you think your boss is going to act? Is he going to be supportive enough after having 180 expensive mahogany tables in his warehouse?

Activity 4. In order to observe how orders are placed on the phone, listen to the following conversation between a buyer and a seller, and then try to answer the questions. Notice that we are listening to an international telephone call.



1. What is the name of the man who is telephoning?

.....

2. What company is he working for?

.....

3. What does he want?

.....

.....

4. What is his telephone number?

.....

5. Who is the sales manager at Nightmare Records?

.....

6. Where is Nightmare Records based?

.....

7. Why cannot Simon Bridges talk to Jennifer Rowlands?

.....

8. When is she supposed to call him back?

.....

9. Are they both British companies?

.....

.....

10. Did he finally get everything he wanted? Why? Why not?

.....

.....

WRITING A COVERING LETTER AND COMPLETING AN ORDER FORM

Written orders are, without any doubt, one of the most important documents that firms should deal with. As we observed above, they are necessary in order to avoid any kind of legal problems between companies when things do not work out as expected.



They are usually written on a company's official order form, and they are accompanied by a covering letter. Both documents should have a date and a reference number, which has to be quoted in any later correspondence related to the order. Originals are necessary, although the use of fax is also accepted by most firms, as it speeds up the complete purchasing process.

Additionally, and thanks to the new technologies that have been implemented in the business world in recent years, most of these letters are often sent by electronic mail, and the order forms are also enclosed as attached documents.

THE COVERING LETTER

To start with, we will explain the parts in which the covering letter could be divided. These parts are often represented as paragraphs, each one conveying a different piece of information:



1. An opening paragraph, in which we should indicate that there is an official order form enclosed within the envelope.
2. A second paragraph, explaining the discounts and type of payment that should be applied to the order being placed.
3. A third paragraph, explaining the method of delivery that should be used in order to dispatch the goods.
4. A final paragraph, closing the letter politely.

We can obviously include special comments regarding deadlines or similar specifications, which would always be helpful when dealing with international companies. If you decide to include such specifications, do it just before the closing paragraph. Needless to say, those specifications should also appear in the official order form that has to be enclosed in the same envelope.

Next you can see an example of a covering letter accompanying an official order form.

*Example of a covering letter***PAPERWORLD**

11 Chestnut Street, Lenton, Nottinghamshire, LT5 2TK

Phone 0131 874163 Fax 0131 874162

Mr. B. Vázquez
 Sales Manager
 Editorial Hispania
 Velázquez, 98
 28082 Madrid
 Spain

Your ref.: BV / 6429
 Our ref.: Order AA1007

7 December 2008

Dear Mr. Vázquez,

Please find enclosed our order No. AA1007, for 275 Spanish Literature classic books.

We have accepted your 10% trade discount, as well as your terms of payment, viz. documents against payment. We will send you the shipping documents and the sight draft to your bank (Banco de Activos Iberoamericanos, Avda de la Reina Mercedes, 37, Madrid 28006).

We would appreciate delivery within the next 5 weeks, as we need the products for our February promotion about Spanish literature. Please send them perfectly wrapped in thick grease-proof paper, and later packed in wooden crates.

We look forward to receiving your confirmation.

Yours sincerely,

Albert Schwartz

Albert Schwartz
 Chief Buyer

Enc.: Order form No. AA1007

As we can see in the example above, there is an order form enclosed in the same envelope. We should point out this fact by writing the order form number in the enclosure, as well as in our reference.

Activity 5. Translate into Spanish the following expressions taken from the sample letter.

a. trade discount

b. terms of payment

- c. sight draft
- d. to wrap a product
- e. thick grease-proof paper
- f. to pack in wooden crates

THE ORDER FORM

As we said before, all covering letters should include an official order form completed and signed by the buyer. The order form should always include the following items:



1. Sender's name and address
2. Receiver's name and address
3. Order number
4. Signature
5. Date
6. Quantity of products required
7. Item description
8. Catalogue numbers
9. Price
10. Comments

An example of an official order form accompanying the letter above follows:

Order Form

No.AA1007

PAPERWORLD

11 Chestnut Street, Lenton, Nottinghamshire, LT5 2TK
 Phone 0131 874163 Fax 0131 874162

Mr. B. Vázquez
 Velázquez, 98
 28082 Madrid
 Spain

Authorised: *Albert Schwartz*

Date: 7 December 2008

| Quantity | Item description. | Catalogue No. | Price CIF London |
|----------|------------------------|---------------|------------------|
| 75 | El Quijote | P-786 | £ 9.25 each |
| 75 | La Colmena | P-815 | £ 6.25 each |
| 125 | El Lazarillo de Tormes | P-631 | £ 4.25 each |

Comments: 10% Trade Disc. Pymt D/P Del. 5 weeks CIF London

There are some expressions that tend to be used when writing covering letters to place an order. This is a brief list of some of those expressions:

Explaining that there is an order form within the envelope

The enclosed order (No. ...) is for ...

Please find enclosed our order No. ... for ...

Enclosed you will find our official order (No. ...) for ...



Confirming terms of payment

We would like to confirm that payment is to be made by...

Payments, as agreed, would be made by..

Sending documents to the bank

The documents should be sent to our bank at ...

Could you please send all the relevant documents to ...?

Confirming discounts

We would like to thank you for the ...% trade discount ...

The ...% discount is fairly/quite/rather satisfactory for us ...

We agree on the ...% discount you offered.

Confirming delivery deadlines

We would like to remind you that goods should reach us by ...

Goods should be delivered by ...

We need the shipment to reach us by ...

It is essential that the goods are delivered before ...

Delivery before ... is a firm condition of this order.

Please confirm that you can send us the goods before ...

Choosing methods of delivery

Remember that the goods should be sent by air/sea/plane.

Could you please send the goods by train?

We advise delivery by air/sea/plane.

Indicating packing arrangements

The items should be wrapped in ...

The goods should be shipped in ...

Please load the goods into crates.

All these expressions are very usual when writing covering letters, and they will help you to create your own ones.

Activity 6. Place the correct word or phrase in each blank.

| | | | |
|----------|------------|----------|-----------|
| grateful | goods | by air | documents |
| before | order form | in stock | complete |

1. Please confirm that you can _____ the order before the end of November, as we need the _____ in time for the Christmas rush.
2. Could you please send the products _____, in order to avoid any delay? If you could do so, we would be very _____.
3. As agreed you will send the _____ to our bank.
4. Enclosed you will find our official _____, in which we ask for 700 sweaters, in assorted colours and sizes. Please let us know if you have all the items _____. We need them _____ 15 September.

Activity 7. Fill in the gaps in the following covering letter.

JUGUETERIA EL PILAR

c/Zaragoza 145 Valencia 46011
Teléfono 965555465 Fax 96555456

Mr. M. Jordache
Sales Manager
Jordache Toys Ltd.
19, Regent's Road
Hurdington
Essex, HU8 2WQ
England

Your ref.: MJ/ug/0647
Our ref.: _____ (1)

10 November 2008

Dear Mr. _____ (2),

Your letter of 30 October convinced me to _____ (3) at least a trial order for some of your toys. Enclosed you will find our official order form No. HP4589 for assorted toys.

We have decided to accept the 10 % trade _____ (4) that you offered, as well as the terms of _____ (5) that you suggested (documents against payment), but we would like these terms reviewed in the near future. We will send the shipping _____ (6) and sight draft to NatWest Bank (38, Dean Road, Hurdington).

We would appreciate delivery _____ (7) the next 3 weeks, as we need the items for Christmas. Please send them perfectly wrapped in water-proof paper, and then packed in wooden or iron crates.

We look _____ (8) to receiving your confirmation.

Yours _____ (9),

Enrique Marti
Enrique Marti
Chief Buyer

Enc.: _____ (10)

USING FAX AND ELECTRONIC MAIL TO PLACE AN ORDER

In many situations, both faxes and e-mail messages are used in order to place an order. As you can well imagine, the structure of both types of communication follow the general layout observed for traditional letters.



In fact, faxes are often straight letters introduced by a covering page. On the other hand, e-mail messages follow the traditional conventions of this type of texts, though both language and general layout are similar to those observed for letters.

The general advantage of both types of documents is their quickness, though in both cases companies always require an original letter, properly completed and signed by the buyer. This is the only legally binding document when any kind of problem arises. Faxes and e-mails are often regarded as void documents in court, and the signing parties are often required to submit the original order form and covering letter to state the agreed terms of any business transaction.

Activity 8. Place the correct word or phrase in each blank.

| | | | |
|-----------|---------------------|----------|------------------------|
| available | goods | speed up | telephone conversation |
| ask for | official order form | relevant | as soon as possible |

- Send me 20 copies of the new Stephen King's novel _____, as we agreed in today's _____.
- This is a fax including all the _____ details that we have already agreed this morning. In any case, an _____ will reach by regular mail in a few days.
- Please send me the _____ by air, in order to _____ all the delivery process.

4. Next week you will receive our official order form, in which we _____
800 computers. Please confirm if all the items are _____.

REPLYING AN ORDER: CONFIRMATION LETTER AND SHIPPING ADVICE

Those companies receiving an order form from a prospective buyer have to write two different letters. The first one, a confirmation letter, tells the customer that the order has been received and everything is being prepared. The second one, a shipping advice, is written to announce the customer that the goods are on their way. Both documents are necessary.



The confirmation letter is a fairly simple document. The writer simply confirms having received the order, and offers information about future dispatch. The selling company should not write any complicated document, as the only purpose of this kind of letter is to let the buyer know that all the products are in stock, confirming their availability. This is a very simple example of a confirmation letter:

Example of a confirmation letter



JORDACHE TOYS Ltd.

19 Regent's Road Hurdington Essex, HU8 2WQ England

Phone 131 768695

Enrique Martí
Chief Buyer
Juguetería El Pilar
Calle Zaragoza, 145
46011 Valencia
Spain

Your ref: Order No. HP 4589
Our ref: MJ/8700

21 November 2008

Dear Mr. Martí,

Thank you for your order (No. HP 4589), which we are making up. We have all the goods in stock. We will advise you in the near future regarding shipment.

Yours sincerely,

Mark Jordache

Mark Jordache

Sales Manager

A second document, usually known as shipping advice, should be sent as soon as the goods are on their way. It should state the means of transportation to be used, the name of the vessel if it is sent by sea, the expected date of arrival, and all the necessary steps to be followed in order to settle payments. Once again, no more information than that strictly needed should be included in this letter. The following is an example of a shipping advice:

Example of a shipping advice



JORDACHE TOYS Ltd.

19 Regent's Road Hurdington Essex, HU8 2WQ England

Phone 131 768695

Enrique Marti
Chief Buyer
Jugueteria El Pilar
Calle Zaragoza, 145
46011 Valencia
Spain

Your ref: Order No. HP 4589

Our ref: MJ/8700

28 November 2008

Dear Mr. Martí,

We would like to confirm that your order (No. HP 4589) has been shipped on the SS Portsmouth and should reach you within the next five days. In the meantime our bank has already sent the relevant documents to your bank in Valencia.

We hope that you will find the consignment in perfect conditions. We look forward to your next order.

Yours sincerely,

Mark Jordache

Mark Jordache

Sales Manager

Activity 9. Place the correct word or phrase in each blank.

ready

shipped

forward

consignment

date

conditions

in stock

making up

1. Please confirm that the order has been _____ in a scheduled freighter.
2. The _____ should reach you in perfect _____.
Otherwise, you can return it immediately.
3. We have started _____ the order and we can tell you that it will be _____ in two weeks' time.
4. We look _____ to getting your next order.
5. All the products are _____, so we can send them to you on the due _____.

USING INTERNET TO PLACE AN ORDER

Placing an order on-line is fairly easy. Most companies are using this technology in order to allow their customers to place orders on their website 24 hours a day. This is highly convenient for international transactions, as there are problems based on the different time zones.



Thus, a Spanish company may have problems selling products in Japan or Argentina, as their different timetables can jeopardise the possibility of getting in touch at traditional working hours. In fact, some companies selling products overseas often consider the convenience of adapting their timetable to that of their most important customers, in order to facilitate their chances of doing business with them.

In order to place an order on-line we should get well acquainted with the way the other company works. In many cases you just have to complete an order form. In other cases, especially when dealing with hi-tech companies, the way to place an order is fairly similar to the way an individual would buy any product on the Internet. The buying party would simply have to browse through the "virtual store" while deciding the products that his/her company would like to order. Then, we should add those items to a visual icon that allows us to implement our order at any stage. Once we have finished shopping we should just click the Proceed/Continue arrow, then providing the information requested (company, shipping, payment information, business code numbers, etc.): this process is often referred to as checkout. Finally, we should simply submit the order by clicking the appropriate button.

The important aspect about buying on-line is that most suppliers allow you to choose among a wide variety of options related to shipping methods and, what is more important, methods of payment. American Express, MasterCard and Visa Check Cards are often accepted, facilitating the whole process and saving time and money for both companies.

*Example of an on-line order***Underworld Comics Order Form**

Please use this form to order our publications.

See the catalogue price for the first 50 copies of any publication.

Additional copies are \$2.00 cheaper (p.u.) and can be ordered by mail, phone, or fax.

For additional ordering options and information, see *Ordering Underworld Comics*.

Using the format shown below, enter the publication number(s) you wish to order.

Note: Use search if you know the title or subject, but not the publication number.

Enter publication numbers in the fields below.

| | | |
|--------------|-----------|---------------|
| Spiderman 2 | 25 copies | \$ 3.50 p.u. |
| X-Men | 50 copies | \$ 3.60 p.u. |
| Superman III | 10 copies | \$ 9.20 p.u. |
| Dumber | 5 copies | \$ 10.50 p.u. |

Please enter your delivery information below.

Note: *If you enter your customer ID number you need not enter your name and address. If you have ordered with Underworld Comics before, you should have received a Customer ID number on your shipping label.*

A field with an asterisk (*) is required.

When you have completed the form, please press the "Order" button to send your request.

| | |
|--------------------|--------------------------|
| Customer ID Number | ***** |
| E-mail address... | fitzgerald@comicworld.us |
| First Name* | Daniel |
| Last Name* | Danielson |
| Organization | Comicworld USA |
| Address Line 1* | 612, Bluff Avenue |
| Address Line 2 | |
| City* | Fargo |
| State* | MN- Minnesota ▼ |
| ZIP/Postal Code* | 12864-233 |
| Additional address | |
| Country | United States ▼ |

Activity 10. Are these statements true (T) or false (F)? If false, justify your answer.

a. Not many companies allow their customers to place orders on their website.

.....

b. Different time zones do not affect international trade.

.....

c. You should browse through a virtual store before ordering the product.

.....

d. Submitting the order is a fairly complicated process.

.....

e. Shipping methods are always the same when buying products on-line.

.....

Activity 11. Translate the following sentences from English into Spanish.



1. If you feel uncomfortable sending your personal information over the Internet, you may always place an order by calling 1.800.359.6542.

.....

2. Information related to our products is located on each page of our electronic store.

.....

3. When you find an item that interests you, click the name of the item to see its product information page.

.....

4. We cannot accept orders by phone, fax or e-mail. All orders must be placed online.

.....

.....

5. Keep in mind that the e-mail address you provide here will be the only e-mail address to which we can send information about additional orders.
-
-

6. We ask everyone who is using the new BetaPlus Online for the first time to create a new account. This is fast, easy and safe.
-
-

7. Let us know how you would like to pay for your order. We accept a wide range of credit cards.
-
-

8. If you are paying by credit card, enter the number without spaces or dashes.
-
-

Communicative Situation 1.



Work with a partner in order to solve this common situation.

Student A is Alan/Ann Allman, the Chief Buyer of Tileland Ltd., a very popular chain of shops in England (36, Willow Rd., Tonbridge, Kent), specialised in selling ceramics from the Castelló area. Student B is Bernabé/Beatriz Bernat, who works selling products for Cerámicas Rotonda, a small company in Onda (Castelló) which manufactures high quality tiles. Prepare a business transaction based on the following ideas.

- *Information for student A (you have to add the Incoterm, and means of transport, as well as terms of payment)*
 - The transaction is to be on the phone.
 - You want to buy 2,400 square metres of *Imperio*, one of the most expensive tiles that Cerámicas Rotonda produces.
 - You want the tiles delivered in 15 days.
 - You want the products sent in wooden crates.
 - You ask for a special discount of 15%.

- *Information for student B (the company may offer a different Incoterm, and terms of payment)*
 - The transaction is to be on the phone.
 - You will be happy to sell 2,400 square metres of *Imperio*, as the product will be in stock in a week or so.
 - You will get some extra money if you are able to sell some other models (*Natura* and *Fama*).
 - You know that the products can be delivered to England in approximately 10 days after production.
 - You do not have wooden crates available, though you can get in touch with a couple of suppliers in order to have them as soon as possible.
 - You have not been allowed to apply any discount without discussing it with your superior (Mr Cabanilles).

Communicative Situation 2.

Work with a partner in order to solve this common situation.

After the telephone conversation Mr/Ms Bernat asks Mr/Ms Allman to send him/her a covering letter including the official order form for the products required. Both documents should be included in the same envelope. Similarly, Mr/Ms Allman requires Mr/Ms Bernat to acknowledge the order by e-mail.



If you want to know more about methods of payment in the business context, you can either look up.



Geffner, A.B. 1998. *ESL Guide to American Business English*. Barron's.

Bovée, C.L. and Thill, J.V. 2000. *Business Communication Today*. Prentice Hall.

Lehman, C.M. and Dufrene, D.D. 2002. *Business Communication*. South-Western Publishing.

or the following websites



http://esl.about.com/library/writing/blwrite_order.htm

<http://www.writing-reading.com/bls/writing-on-line.html>

<http://owl.english.purdue.edu/handouts/pw/index.html> (on general business letter writing)

<http://www.4hb.com/letters/index4.html> (on general business letter writing)



UNIT VI

Complaints in the business world



In the business world not everything goes well or ends well. We have seen in previous units that we may be involved in a negotiation and have different opinions to the other party's, for instance, and we may not reach any type of agreement.

When dealing with international business transactions, we may also find problems which should be solved if we want to get the expected result (to do business with another company). The problems may be of various kinds, ranging from the importer's point of view (damaged or defective goods, company's error, or poor or delayed service) to the exporter's standpoint (difficulties for receiving the payment of the goods). In any case, we must contact the other company to make a complaint or to require the due payment.



When dealing with these problems, the way of solving them can be face to face, on the phone or in writing. In foreign trade it is unusual to use the first means, and the tendency is to complain making a phone call or writing a letter, fax or e-mail. In this unit we will pay attention to the written documents, which have their appropriate name: those related to the importer are called *letters of complaint*, and the exporter answers by writing *adjustment letters* (or *replies to complaint letters*). The exporter also writes another type of letters called *collection*, *reminder letters* or just reminders.

A main aspect to consider when requiring someone else to solve a problem is the necessity of being polite. We do not want to stop doing business with a supplier or a customer as it may be difficult to find another. The purpose of a complaint or a reminder is not to express the caller or writer's anger but to find a practical and quick solution to a specific problem. So, when complaining or requiring to settle an account, we should avoid the emotional language and showing our feelings. However, as we will see later, there are some circumstances which cause our tone to become stronger and more demanding, close to anger. Even in those moments, we should try to sound as polite as possible, which may be easier when writing than when speaking.

Activity 1. Answer the following questions according to the previous information.

1. About the problems appearing in international business transactions, do they all affect the same party?

.....

.....

2. Which are the most usual means to solve problems in foreign trade?

.....

.....

3. What is the other way of referring to the replies to complaint letters? And the other names for collection letters?

.....

.....

4. Which is the main aspect to consider when asking for the solution of any type of problem?

.....

.....

LETTER OF COMPLAINT (COMPLAINT LETTER)

The purpose of a letter of complaint is to request some kind of compensation for problems with purchases or services. Probably most complaints can be made on the phone; however, some of them may be so complex that a written document may be more effective to solve the problem.



The written document is also useful because it is characterised by its permanence, formality and seriousness. The fundamental rule in writing a complaint letter is to maintain your poise and tact, regardless of how justified your objection is.

As we have been pointing out, the reasons for complaining mainly from the importer's perspective may be several. These are some of the possible causes:

- a. goods mistaken (e.g., not receiving the ones required)
- b. goods in bad conditions (e.g., damaged, broken, etc.)
- c. malfunctioning or defective goods (not working properly)
- d. delayed delivery of the goods

Activity 2. Find out words in the previous text which match with the following definitions.

- a. The objective or aim for which something is done or made is called the _____.
- b. _____ refers usually to money that someone who has experienced loss, suffering or any other type of problem claims from the company or businessperson responsible.
- c. _____ is the state or fact of lasting for ever.
- d. _____ is a human characteristic meaning calmness, dignity and self-control.
- e. The expression _____ is used to explain that something is not affected or influenced at all by another thing; in other words, that something does not take into consideration something else.
- f. A product or any thing incorrect, wrong, usually not expected the way it is called _____.
- g. _____ means that there is something wrong with a product and it does not work properly.
- h. _____ is used when something arrives later than expected.

WRITING A LETTER OF COMPLAINT

When writing a **complaint letter**, you can do it in different ways. However, we offer a common structure to follow when writing this type of letters:



1. Identify clearly the item or service you are going to refer to (an order, the transport, etc.)
2. Identify the reason why you are writing.
3. Provide a fully detailed explanation or description of the problem and its possible cause; if convenient, present evidence for your complaint.
4. State exactly the solution: what compensation you desire explaining why your request should be granted. Suggest reasons why the recipient should grant your request by means of appealing to his/her fairness or desire for continued



business. Never threaten. You may refer to the problem as something caused by mistake but never as something done on purpose (or deliberately).

5. Explain the action your own company will take or has already taken, for example, keeping the defective products until they are replaced or not having accepted their delivery.
6. End the letter with a polite close.

Example of a letter of complaint

TILEMPORT

39899 Balentine Dr., Ste 355

Newark, CA 94560 P.O. Box 5555 USA

Tel: (1) 510 438 7980 Fax: (1) 510 438-7981

E-Mail: tilemport_3@tilemport.com www.tilemport.com

Mr. Manuel Gómez
Export Manager Assistant
Tiles of the World
Ctra. Castelló-Alcora s/n
12110 L'Alcora
Castelló
Spain

Your ref.: Order 564 / 32
Our ref.: WS / 5723

26 April 2008

Dear Mr. Gómez,

Reference: Order form 564 / 32 for 50 pallets of basic squared tile

I am writing with reference to the above order for 50 pallets of basic squared tile (stoneware glazed floor tile, white body), which we received in due time.


The merchandise has arrived in good condition. However, I have to inform you that the basic squared tiles in question are not the expected ones, as they are stoneware glazed floor tile, buff body. We are aware that sometimes we have also purchased those types of floor tiles; however, this time what we need is the white body ones instead of the buff body ones.

I must ask you to immediately arrange for another despatch with the appropriate replacements. The lack of white body basic squared tiles is causing inconveniences to many of our customers.

We will keep the buff body tiles in our warehouse until we receive further instructions from you.

We look forward to hearing from you soon.

Yours sincerely,



William Smith
Import Manager

Activity 3. Match the following sentences with the list of stages to be included in a letter of complaint.

- a. According to our agreement, I must ask you to ...
- b. I am writing concerning/about your last delivery.
- c. I must insist that you ...
- d. I regret to inform you that .../I regret having to inform you that ...
- e. It appears the cases were ...
- f. On April 1, 2008 I received 500 units of a book entitled, "Improving your Complaint Letters" by the author Roland Sosh.
- g. There seems to have been some products mistaken.
- h. We are returning two of these articles by separate mail.
- i. We enclose a report on the damage from ...
- j. We inform you that we have received the expected washing machines.

| | | | | |
|---------|---------|---------|---------|---------|
| a. | b. | c. | d. | e. |
| f. | g. | h. | i. | j. |

Activity 4. Fill in the gaps of the following Letter of Complaint. Note this time the "letter" is sent by fax, probably because the problem has to be solved in the shortest possible time and the customer is running out of time. Despite that, observe that the fax sent follows the formality features of this kind of serious matters and, except for the fax layout, the rest of the text is quite like a letter.

Nybrogatan 41 SE-103 76
 Stockholm
 P.O. Box 7432 Sweden
 Tel: (+46) 8 665 61 00
 Fax: (+46) 8 667 84 00
 e-mail: comfy.gen@comfyhotels.se
www.comfyhotels.se

COMFY HOTELS

FAX

To: Ms. Susana Ramos,
 Export Sales Manager
 TONMOBLE, S.A.

From: Ms. Liv Holmström,
 Purchasing Manager

Ctra. N340, Km. 34
12500 Vinaròs, Castelló, Spain

Fax: +34 964 452 000

Pages: 1 (1 of 1)

Phone: +34 964 452 081

Date: 13 October 2008

cc:

Re: MISSING ITEMS IN ORDER FORM 45 / B600 FOR 600 BEDROOM
SUITES, MODEL INFINITUM

Urgent For Review Please Comment Please Reply Please Recycle

Text/Comments

_____ (1),

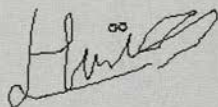
We _____ (2) very sorry to let you know that the 20 bedroom suites, model Infinitum, you sent us last month (order _____ (3)) have the headpieces and the drawers of the bedside tables and the chests missing. We can only assume that there must _____ (4) been some confusion in the packing procedures.

Please, remember that we open our new hotel _____ (5) 10 November so we need to have all furniture _____ (6) in their place for that date. For this reason, we would be very grateful if you could send immediately the missing parts _____ (7) these bedroom suites without _____ (8) delay.

Please _____ (9) us know when this furniture will arrive.

We look forward to _____ (10) from you at your _____ (11) possible convenience.

_____ (12),



Liv Holmström
Purchasing Manager

REPLIES TO LETTERS OF COMPLAINT (ADJUSTMENT LETTERS)

The responses to complaint letters are called adjustment letters or **letters of adjustment**. They must be handled carefully, specially when the requested compensation cannot be granted. Again you have to prove your diplomacy and poise when refusing compensation. A common structure is the following one:



1. Identify the letter of complaint you are replying to by referring to its date and the item or service involved.
2. Express your concern over the writer's problems and your appreciation that he has written to you. Apologise, if necessary (usually either in this second stage or before the conclusion).
3. Explain what has happened and the action you are taking to prevent the problem happening again.
4. State the action you take to solve the problem, if any. There are two options:
 - a. If you deny the request, explain the reasons for the refusal in as pleasant and noncombative manner as possible. Then, try to offer some partial or substitute compensation or offer some friendly advice.
 - b. If you grant the request, do not sound as if you feel resentful.
5. Conclude the letter politely, perhaps expressing confidence that you and the writer will continue doing business.

Example of letter of adjustment**TILES FOR THE WORLD**

Ctra. Castelló - Alcora, s/n, L'Alcora, 12110, Spain

Tel.: +34964362555

Fax.: +34964385525

www.tilesworld.es

Mr. William Smith
Import Manager
Tileport
39899 Balentine Dr., Ste 355
Newark, CA 94560
USA

Your ref.: WS / 5723
Our ref.: Order 564 / 32

10 May 2008

Dear Mr. Smith,

Re: Order form 564 / 32 for 50 pallets of basic squared tile

Thank you for your letter of 26 April, in which you informed us that the above consignment has been delivered with the wrong basic squared tiles.

After some investigation, we believe there has been some confusion with two very similar, but certainly different orders. We have revised our cataloguing system and we can assure you similar things will not happen again.

The appropriate replacements have been already despatched and we have instructed Mr. Pablo Juárez, one of our representatives in your country, to arrange everything for collecting the wrong products immediately. He will contact you in a couple of days.

Lastly, we would like to apologise for any inconvenience caused and we want to thank you for your patience.

We look forward to doing further business with you.

Yours sincerely,









Manuel Gómez
Export Manager Assistant

Activity 5. Match the following sentences with the list of stages to be included in a letter of adjustment.

- a. After checking the type of shoes you complained about, we found it was our fault.
- b. I have authorised the despatch of replacements by air freight.
- c. Our new packing materials will prevent this kind of damage in the future.
- d. Please accept our apologies for the oversight.
- e. The new quality control procedure to be introduced in two weeks will prevent this kind of problems happening again.
- f. We have just received your letter of ...
- g. We have looked into the matter and discovered that the mistake was due to ...
- h. We have to go deeper into that matter for some time because as far as we know the goods were duly loaded on board the Atlantis with scheduled arrival on September 29. We suggest, therefore, you look into the matter and let us have any news as soon as possible.
- i. We look forward to hearing of the safe arrival of the correct goods and to doing further business with you.
- j. We thank you for your letter ...

a. b. c. d. e.
 f. g. h. i. j.

Activity 6. Fill in the gaps of the following Letter of Adjustment. Like the writing in activity 4, due to the lack of time, Ms. Ramos from Tonmoble, S.A. is sending an e-mail so that the answer to the previous complaint can be read immediately. This time, although the means is also different, the content follows the letter structure.

| | | | | | |
|---|---|---|---|---|--|
|  |  |  |  |  |  |
| SEND | CUT | COPY | PASTE | UNDO | ATTACH |

To: Liv Holmström <liv_gen@confyhotels.se >
 From: Susana Ramos <S_Ramos@tonmoble.es
 Subject: MISSING ITEMS IN ORDER FORM 45 / B600 FOR 600 BEDROOM SUITES
 CC:
 BCC:
 Attachment:

Arial ▼ 10 ▼ N K S
 Dear _____ (1),
 Thank you for your fax of _____ (2) concerning some missing furniture items of _____ (3) no. 45 / B600.
 I personally _____ (4) the matter and it appears to be a forwarding agent's problem as they forgot to unload the missing parts from the lorry when it arrived in Sweden. We will revise the loading system of our Despatch _____ (5) and we can _____ (6) you similar things will not happen again.
 We are _____ (7) sorry for the inconvenience caused and are therefore arranging everything to send you the _____ (8) first thing in the morning on Monday 17th October. We expect it to arrive by the end of the week (20-21 October), so we hope it is early enough for you to get things prepared for your hotel inauguration.
 Apart from apologising again we wish to assure you that we shall give you no more grounds for complaint.

We look _____ (9) to hearing of the arrival of the missing items and to
 _____ (10) further business with you.

_____ (11),

S Ramos

Susana Ramos
 Export Sales Manager

Activity 7. Translate the following extracts into English.



1. Lamentamos tener que comunicarles que no podemos servir su pedido nº 625 del 30 de agosto por causas ajenas a nuestra voluntad.

.....

.....

.....

2. Al inspeccionar las cajas de madera descubrimos que una de las 60 (nº 58) contenía el juego Screaming 100 y no el Screaming 200. Puedo entender simplemente que esta caja pertenecía a otro pedido y que se nos ha enviado por error.

.....

.....

.....

.....

3. Ya hemos enviado los productos que sustituyan los contenidos de la caja de madera número 6 y ordenado a nuestro representante en Suecia que recoja lo más pronto posible los productos enviados de forma incorrecta.

.....

.....

.....

.....

4. Necesitamos recibir urgentemente la mercancía, dado que una mayor demora nos ocasionaría lamentables inconvenientes con nuestros clientes. Por ello, le rogamos nos envíen las cajas lo antes posible, de lo contrario nos veremos obligados a anular el pedido y recurrir a otros proveedores.
-
-
-
-

5. Hemos estudiado el asunto y hemos descubierto que hubo una confusión en el departamento de envíos: se ha producido un intercambio de direcciones y han recibido la mercancía de otro cliente.
-
-
-

6. Los ordenadores han llegado con dos semanas de retraso y dos de ellos han resultado defectuosos.
-
-

COLLECTION LETTERS OR REMINDER LETTERS

We have already remarked that, from the exporter's point of view, the payment for the goods may cause some problems in international transactions.



When the importer or buyer of the goods has to settle an outstanding account or a given payment, the exporter usually sends some written documents called collection or reminder letters. The purpose of this type of letter is to collect money (past-due accounts, debts) from people. However, at the same time, this document must maintain the debtor's goodwill.

This process of collection may need more than one contact in order to solve the problem. For that reason, different authors talk about diverse steps in the collection series (from three to five steps), although there is no limitation on their number and sometimes more than one message may be sent at any one of these stages. In this unit, we will follow the three-stage series.

Within these stages, each letter is slightly more strongly worded than the previous one — ranging from a friendly reminder or simple notification to a final ultimatum explaining that the writer (exporter) is turning over the matter to a lawyer or collection agency.

In general, collection letters should be sent promptly after the final date to receive the money, and if payment does not result, send reminders at systematic intervals, so that the debt is never out of the reader's mind. Other companies recommend to send a letter 30 days after regular payment is due, and then another one, and so on.

The writing of this sensitive document needs to keep in mind some relevant aspects:

- write brief and succinct letters including the accurate information
- avoid anger; your tone should be reasonable and helpful
- include in every letter the amount owed and if necessary, the reader's account number.

Activity 8. Answer the following questions according to the previous information.

1. Which are the usual problems from the exporter's point of view?

.....

.....

2. What is the purpose of "*collection or reminder letters*"?

.....

.....

3. Do all the different collection letters have the same tone?

.....

.....

4. Which are the three main aspects to bear in mind when writing reminders?

.....

.....

1ST REMINDER

In a first reminder, the tone of the letter should be polite and not too demanding, remarking the merely reminding or notifying nature of the letter. Sometimes this first reminder letter may be sent by e-mail or by fax; it can also be substituted by a phone call, although not the following reminders. Sometimes, just sending a second copy of the bill or the statement, or an impersonal letter may be enough at this initial stage. In this first reminder, the letter should:



1. Make reference to the invoice or statement overdue.
2. Indicate that payment has not been settled yet or is late; ask why the account has not been paid.
3. Offer any kind of help, if there is any problem.
4. Ask politely for immediate action, that is to say, solicit either payment or a plan for payment.
5. Ask receiver to disregard this reminder in case payment has already been settled.

Example of First Reminder

GRESSING CERAMICS, S.A.

Poligono Ramonet, s/n., 12550, ALMAZORA, CASTELLÓN
Tel.: +34 964 530110 Fax.: +34 964 530111 www.gressing.com

Mr. Y. Zhou
Managing Director
Shanghai Pushing Tiles Co. Ltd
Ya Guang Shanzhou Industrial Area
Shanghai
P.R.China

Your ref.: Order 5698
Our ref.: St. 3256

4 February 2008

Dear Mr. Zhou,

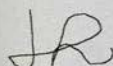
We would like to draw your attention to the enclosed statement. As you can see, we have not received last month's payment and your account is past due in the amount of \$US 65,000.

We are here to help you. You may contact us at the number above for assistance with your account.

As payment is now overdue, we would be grateful if you would arrange for early settlement.

Should you have settled the account before receiving this letter, please disregard this reminder.

Yours sincerely,



Juan Ramirez
Accounting Manager

Enc.: Statement No. 3256

Activity 9. Your name is Dana Carvey, and you work for Smithereens. Dave Rafferty, from Samana Inc. is phoning you, complaining about a cheque that was not received. Complete the note.



Smithereens

Message from _____

Taken by _____

Message:

Enquiry

Order

Complaint

Other _____

Explain the purpose of the call:

.....

.....

Explain the action taken:

.....

.....

Contact telephone/fax number:

.....

.....

2ND REMINDER

If the account is not settled and the client does not provide any appropriate excuse or explanation, a second reminder (a second or urgent notice) must follow. In that case, the exporter must send this letter to encourage the importer to settle his/her account, that is to say, the exporter has to persuade the importer to pay. This second collection letter needs a more demanding and urgent tone. In this second reminder, the letter should:



1. Make reference to the previous reminder which has already been sent.
2. Indicate that payment has not been settled yet or is late; ask why the account has not been paid.
3. Demand immediate action, that is to say, solicit either payment or a plan for payment.
4. Set a deadline.

Example of Second Reminder

GRESSING CERAMICS, S.A.

Poligono Ramonet, s/n., 12550, ALMAZORA, CASTELLÓN
Tel.: +34 964 530110 Fax.: +34 964 530111 www.gressing.com

Mr. Y. Zhou
Managing Director
Shanghai Pushing Tiles Co. Ltd
Ya Guang Shanzhou Industrial Area
Shanghai
P.R.China

Your ref.: Order 5698
Our ref.: St. 3256

4 March 2008

Re: overdue account

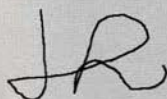
Dear Mr. Zhou,

This is the second reminder indicating that you owe us US\$ 65,000, as our records show that your account has not been settled. Please settle this outstanding balance in our favour promptly.

We would like to continue doing business with you, but we need your cooperation and payment to do so. Therefore, we would like to ask you to clear your account within the next seven days.

Thank you for your prompt attention to this matter.

Yours sincerely,



Juan Ramírez
Accounting Manager

FINAL REMINDER

Despite our insistence on the second reminder, we may be in the difficult case of not having received an answer (either by an explanatory letter or by a settlement of the account). At that moment, we may assume the debtor has no intention of paying. Therefore, we must send a third or final reminder (also called final ultimatum), more demanding than the previous ones. That third letter should:



1. Make reference to your previous reminders.
2. Indicate that no news has been received from their company.
3. Set a final deadline, giving the debtor one last opportunity to pay.
4. Indicate that legal action will follow if payment is not settled, always in a polite and businesslike manner; you may review all the efforts you have already made to collect it.
5. Indicate that their credit standing will be seriously affected.

Example of Final Reminder**GRESSING CERAMICS, S.A.**

Poligono Ramonet, s/n., 12550, ALMAZORA, CASTELLÓN
 Tel.: +34 964 530110 Fax.: +34 964 530111 www.gressing.com

Mr. Y. Zhou
 Managing Director
 Shanghai Pushing Tiles Co. Ltd
 Ya Guang Shanzhou Industrial Area.
 Shanghai
 P.R.China

Your ref.: Order 5698

Our ref.: St. 3256

15 April 2008

Re: US\$ 65,000

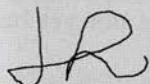
Dear Mr. Zhou,

We have previously sent two notices advising you that payment on your account is overdue in the amount of US\$ 65,000. We have been waiting to hear from you, but no explanation has been offered for the delay nor has payment been made.

This is our final reminder for you to settle the payment, which has been past due for the last three months. Unless we receive payment by 1 May, we shall be compelled to place the matter in the hands of our lawyer. As this situation will damage your credit standing, we sincerely hope you will settle your account immediately.

It is a great disappointment to our company after so many years doing business with you.

Yours sincerely,



Juan Ramírez

Accounting Manager

Activity 10. Find out words in the previous three examples of reminders which match with the following definitions.

1st reminder

- A list of amounts paid and owed sent from a seller to a buyer is called _____ (of account).
- We use the expression _____ (or just the second word) when we refer to the fact that some money is owed to someone (either as debt or because they have a right to it) and it is already late.

2nd reminder

- _____ or _____ the account means to pay what is owed so that the transaction (the business) is completed.
- When there is an amount of money still owed or unpaid (after some has been paid), we call it _____.

Final reminder

- When referring to sums of money which have not been paid, even though it is later than the date on which they should have been paid, we say that amount is _____.
- _____ means to force someone to do something.
- _____, also called financial reputation, is the amount of money a company or person is allowed to have in order to pay for goods or services.

Activity 11. Read the following statements and indicate in which reminder (first, second or final) can be found. Some of them can be found in several reminders.

1. By the time you receive this letter, two payments will be due on your account.

2. Four weeks ago we reminded you of the outstanding balance in our favour of €67,000. To the best of our knowledge, the account has not yet been settled. _____
3. Here is a reminder that your account of €50,000 was overdue as of December 20, 2008. _____
4. If payment is not received by October 10, we will have no alternative but to turn your account over to a lawyer for collection. _____
5. If the amount has already been paid, please disregard this notice. _____
6. If we do not receive immediate payment (by 21 November) our lawyer will proceed to take the necessary legal actions. _____
7. May we remind you that your payment has been overdue since 5 June last?

8. Please give the matter your immediate attention and let us have your payment by 5 March. _____
9. We have asked you repeatedly to settle your account for €23,568. Unfortunately, we have received neither a reply from you nor has the account been settled. _____
10. We have previously sent four notices advising you of your delinquent status.

11. Your payment of €34,000 pursuant to our invoice dated on 20 February, has not arrived by the date required. We are sure that this is an oversight and ask you to please send it today in the enclosed self-addressed envelope.

Communicative Situation 1

Step 1: write a letter of complaint

Mr/Ms M. Johanson, from Spanish Imports in Finland, has just received a consignment of 10 pallets of 20 cases each of bottles of red wine. When s/he checks the cases, s/he realises that the bottles of one case are empty, and another case contains white wine bottles. Send a letter of complaint to Mr/Ms R. Saura, from Viñedos Azahar in Spain, requiring a solution for that.



Step 2: write a letter of adjustment

Mr/Ms R. Saura, from Viñedos Azahar, receives a complaint letter from Mr/Ms M. Johanson, from Spanish Imports, about some specific problems with two cases of wine bottles. Answer him/her, accepting everything as your company's fault. Give him/her, an immediate solution.

Communicative Situation 2

You have an Italian customer who owes you €7,200 for 200 pairs of shoes. S/he has not settled the account on the expected day and you have to remind him/her of that fact. Make up all the information needed and not provided.



First step: make a phone call as a first reminder:

Start with a telephone call to that customer, as if it was a first reminder. Ask him/her if the payment has been settled, and try to know if there has been any problem and when the payment is going to be made. Remember to be polite all the time as you do not want to stop doing business with his/her company.

Second step: write a reminder

After the conversation, time passes and you find yourself in a difficult situation. The account is overdue and you know nothing about your customer's intentions. Write a letter (2nd reminder) asking about the matter.

Third and final step: write a final reminder:

One week later, your customer phones you and explains to you that s/he has had some banking problems, but that the payment will be settled in a few days.

After waiting for two weeks, the situation remains the same. You are forced to write a final reminder.

If you want to know more about complaints and claims in the business context, you can either look up

Phillips, E. 1997. *Shocked, Appalled, and Dismayed! How to Write Letters of Complaint that Get Results*. Vintage Books

Bear, J. and Bear, M. 1999. *Complaint Letters for Busy People*.
Career Press

Elliott, S.P. (ed.) 2000. *The Complete Book of Contemporary Business Letters*. Round Lake Publishing Co. (on business letters in general)



or the following websites

<http://www.savvy-discounts.com/V10-040219.htm>

<http://www.nightcats.com/samples/complaint.html>

<http://www.io.com/~hcexres/tcm1603/achtml/complnt.html>

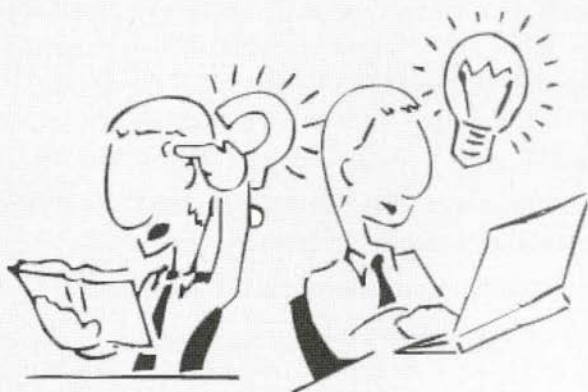
<http://www.bspage.com/1collect/collect4.html>

http://www.bizhelp24.com/cash_flow/letter_collection.shtml



CASE STUDIES

Foreign trade: a ceramic tile industry



INTRODUCTION

This material has been created for students of business English as a means of putting into practice the knowledge they have acquired about this subject.

The Case Studies hereby presented can be defined as information and data conforming a problematic situation in a company for which a solution must be provided. That solution will involve one or several kinds of linguistic communication which students will have to prepare in groups and perform in class.

In order to solve the cases, information is provided about the company in which all the cases will occur. It is not a real company, but we have tried to make it as realistic as possible. It belongs to the ceramic tile sector and the information given includes: name and address of the company, business organisation with the name of the most important members of the staff, and details of the main customers and suppliers.

The Case Studies presented deal with the main activities in a company: launching a new product, employing a new member of the staff, selling the product, replying to claims, purchasing new machinery, negotiating, dealing with a staff reduction, arranging transportation, dismissing an employee, reaching an agreement about a merger, taking out fire insurance, etc.

When necessary, key information, such as technical files or additional information, is provided, as well as web sites where the students can learn more from actual companies and businesses.

All Case Studies begin with a description of the situation and the problem. Then, there is a list of participants. Usually, the participants belong to the company staff, with whom the students are already familiar, but sometimes there are additional characters from other companies.

After the list of the participants, the case is divided in steps with instructions to be followed. To solve a Case Study, several tasks must be carried out:

1. Reading comprehension of the situation.
2. Making a decision about how to solve the situation by means of the different steps proposed.
3. Collecting information to fulfil the different tasks, consulting bibliography or professionals about the topic, if necessary.
4. Elaboration of written communication and documents.
5. Preparation of oral communication.

This type of activity involves not only language practice but also contributes to enhance students' skills in team work, leadership, decision making, relating knowledge from different sources or speaking in public.

Finally, Case Studies have been conceived to be acted, trying to imitate a real situation in a company, which can contribute to students' preparation to enter the job market.

ACKNOWLEDGEMENTS

We would like to express our gratitude to all the students that, during the past years, have contributed to improve and expand the cases in this book with their work, effort and imagination. Thanks to all of them.

CASE STUDIES: AN OVERVIEW

GENERAL INFORMATION

CERES S.A. is a Spanish company, located in Polígono Industrial San Roque, nave 341, Almenara (Castelló). They manufacture high quality floor and wall tiles. The company was established in 1989. At the beginning, it did not work as expected and was sold by its owners to a British firm at the end of 1995, and it has been constantly expanding since then. At present the structure of its staff is as follows:

As you can see, the most important members of the present staff are British, although clerks and workers are Spanish. At the moment they are considering the possibility of including Spanish professionals also in the Board.



CUSTOMERS

CERES S.A. exports tiles to several countries in Europe as Finland, Germany, Holland, and above all, to the United Kingdom. They also export to the United States, South Africa, Australia, New Zealand, Thailand and China. Their most important customer is TICER in London, which distributes their products throughout Britain, and in some countries of the Commonwealth.

SUPPLIERS

CERES has two different groups of suppliers. On the one hand, suppliers of raw materials, that is, companies that supply clay and colour chemicals, with which

CERES has a long time trading relationship. At present, their clay suppliers are TERRA S.A., Ctra. Castelló s/n, Alcora (Castelló), and their enamel suppliers are CERAMIC FRITS AND GLAZES, 703 Willet Road, Rowtree, Cheshire, U.K.

On the other hand, there are the machinery suppliers, which are usually different depending on the machine needed. At the moment CERES is interested in the purchase of a robot to package tiles in pallets automatically.

CASE 1**THE NEW MODEL LAUNCH**

Situation: Ceres wants to launch a new product. They have to prepare a promotional campaign. This is the task of the promotions department.

Participants:

- Promotions Manager
- Publicity Assistant
- Sales Manager
- Managing Director
- Research and Production Manager
- Chief Accountant

STEP 1

The Promotions Manager and the Publicity Assistant prepare the advertising campaign of a new model: CANCUN. They must present the campaign during the meeting of the Board of Directors.

STEP 2

Meeting of the Board of Directors.

- Promotions Manager & Publicity Assistant: they present the product and the campaign.
- Sales Manager: s/he is interested in the sale of the product. S/he will ask and discuss about price, image to be offered to the different countries, quality compared to previous models, etc.
- Managing Director: s/he will act as a chairman in a meeting, letting people talk in turns.
- Research and Production Manager: s/he is interested in giving a good image of the product as a result of long research and up-to-date technology.
- Chief Accountant: s/he is interested in the cost-effectiveness of the advertising campaign.

As a result of the meeting, there should be an advertising campaign covering different means of communication.

INFORMATION ABOUT MODEL "CANCUN"

Colours: beige, white, brown, grey

Measurements: 31.6 x 31.6 cm.

Weight: 1.8 kg./each

Absorption of water: 3 (scale from 1(min.) to 4(max.))

Resistance to spit: 3 (P.E.I. scale from 1 to 4)

Hardness to scratching: 9 (Mohs scale, from 1 to 10)

Price EXW: 7 euros/m

Price FOB Valencia: + 360 euros/cont. (min. 1 container)

Price CIF London: + 500 euros/cont. (min. 1 container)

Package: 10 tiles/1m/18kg in each cardboard box
72 boxes/72m/1,300kg in a pallet
17 pallets/1,224m in a container

COMPARISON WITH OTHER PREVIOUS AND SIMILAR MODELS:

| | |
|--|--|
| <p>MODEL "IMPERIAL RUSTICO": Colours: Brown/beige, white/beige (<i>Imperial blanco</i>) Measurements: 31.6 x 31.6 Weight: 1.8 Kg./e. Absorption of water: 3.5 Resistance to spit: 2.6 Hardness to scratching: 6 Price EXW: 8.5 euros/m</p> | <p>MODEL "TUCAN MARRON"(brown) Colours: white, sand, beige Measurements: 31.6 x 31.6 Weight: 1.8 kg./e. Absorption of water: 3.2 Resistance to spit: 3 Hardness to scratching: 7.5 Price EXW: 8 euros/m</p> |
|--|--|

Find real information about tile collections and models at the websites of ceramic tiles manufacturers at the web page of ASCER:
<http://spaintiles.info/esp/index.asp>

INFORMATION ABOUT ADVERTISING**POSSIBILITIES AND PRICES:**

- Colour advertisement in the specialised magazine "Decoration", sold in every country in Europe and also in the U.S.A., Canada and Australia. One issue

every month. Price of each advertisement: 5,300 euros half page; 10,000 euros a whole page.

- Colour advertisement in the specialised magazine "Casa", sold in Spain. One issue every two weeks. Price of each advertisement: 3,000 euros half page; 5,000 a whole page; 9,500 euros a double page.
- T.V. commercial on TVE1, broadcast mainly in Spain, although it can also be watched in some European countries by means of satellite aerial. It would be broadcast twice every day after the 3 p.m. and the 9 p.m. news programmes. Cost of making the advertisement 100,000 euros approx. Price of each transmission of the commercial 400,000 euros for every ten seconds.
- T.V. commercial on Sky Channel, to be transmitted once every week, after the news programme on Saturday afternoon. Sky Channel is a private channel which can be watched in all European countries. Cost of making the commercial: 150,000 euros approx. Price of each transmission: 1m euros for every ten seconds.

CERES BUDGET FOR THE ADVERTISING CAMPAIGN OF THIS PRODUCT: 100,000 euros.

CASE 2**APPLYING FOR THE JOB OF ASSISTANT ACCOUNTANT**

Situation: Mr./Ms. M. Miles will retire next month and, therefore, CERES will need a new Assistant Accountant.

Participants:

- Personnel Manager
- Assistant
- Applicant

STEP 1

The Personnel Manager and his/her Assistant prepare a job advertisement to be published in the most important local and national newspapers.

STEP 2

Mr./Ms. J. Torres applies for the job by means of an application letter.

The Personnel Manager, after considering the different applications, selects Mr./Ms. Torres for an interview, and asks his/her Assistant to write a letter to arrange an interview with him/her.

STEP 3

Mr./Ms. Torres replies, confirming date and time.

STEP 4

The Personnel Manager and his/her Assistant prepare the interview. Interview Mr./Ms. Torres.

STEP 5

Meeting Personnel Manager - Assistant to decide if the job is given to Mr./Ms. Torres.

STEP 6

The Assistant writes a Memorandum to inform the Managing Director about the new employee and phones the applicant to inform him/her about the decision taken and to give him/her instructions about when s/he is going to start working and what s/he must do.

CASE 3**SELLING THE PRODUCT**

Situation: TICER is one of the most important customers of CERES. They periodically send letters inquiring about new products, placing orders, etc.

Participants:

- Export Manager
- Import Manager of the customer company

STEP 1

Mr./Ms. S. Doyle, the Import Manager of TICER (23 Castle Road, 3ST 4RU London, U.K.), has seen the advertisement of CERES new model, and s/he writes an inquiry letter asking for the latest catalogue and price list. S/He is also interested in any promotional discounts for these models.

STEP 2

Mr./Ms. F. Richards, Export Manager of CERES, writes a reply letter enclosing catalogues and price list and informs Mr./Ms. Doyle about discounts and new terms of payment: L/C, documents against payment.

STEP 3

Mr./Ms. Doyle places an order for 68 pallets - that is 4 containers - including different models. S/He does not agree with the new terms of payment and demands special treatment for being a good customer. S/He wants to continue paying Documents against Acceptance of Bill of Exchange, 30-60 days.

STEP 4

Mr./Ms. Richards writes an e-mail message acknowledging the order and agreeing about the conditions of payment established by the customer. S/He also confirms the delivery deadline and asks for a letter confirming the arrival of the goods as soon as they are collected.

PRICE LIST-FLOOR TILES

| MODEL | EXW | MODEL | EXW |
|---------------|------------|------------------|------------|
| Cancún | 6.7 e./m | Porcelanato gris | 5.9 e./m |
| Tucán | 6.8 e./m | Solid gris | 6 e./m |
| Imperial | 7.5 e./m | Tacre | 6.1 e./m |
| Desiré marrón | 5.2 e./m | Malta beige | 5.8 e./m |
| Angela | 5.5 e./m | Gredos Beige | 5.8 e./m |
| Damasco | 5.8 e./m | Carrara Gris | 6 e./m |
| Rústico | 4.6 e./m | Florida Rosa | 5.9 e./m |
| Dakota | 5 e./m | Mauricio | 6.2 e./m |
| Madera 3 | 4.3 e./m | Mérida Beige | 6.1 e./m |
| Madera 6 | 4.4 e./m | Lemnos | 5.5 e./m |
| Madera 8 | 5.2 e./m | Denis | 4.7 e./m |
| Dama gris | 8 e./m | | |

Discounts:

- 5% for orders of over 2 complete containers
- 10% for orders of over 4 containers

Special promotional discount for the “Cancún” model:

- 10% for orders of over 10 pallets
- 15% for orders of over 20 pallets

Note: e./m= each metre

Find websites on ceramic tiles catalogues at the web page of ASCER:

<http://spaintiles.info/esp/index.asp>

The names of the tile models and collections may be different.

CASE 4**CLAIMS**

Situation: A customer complains because s/he has received the wrong consignment. The Sales Manager and the Export Manager of CERES will have to find out what has happened and solve the situation.

Participants:

- Import Manager to FLOTILE Ltd. (345 Melrose Road, 321 RTG Sydney, Australia)
- Sales Manager
- Export Manager

STEP 1

Mr./Ms. Nelson, Import Manager to FLOTILE, phones CERES. S/He wants to talk to Mr./Ms. Cull to complain about their last order of floor tiles. The tiles are not the models they ordered (in fact most of them are wall tiles), and the quantities are also different.

Mr./Ms. Cull apologizes and promises to find out what happened and tell him/her as soon as possible.

STEP 2

The Sales Manager has a meeting with the Export Manager to ask him/her for an explanation.

There has been a mistake and they have delivered to Australia an order that should have been sent to Thailand.

STEP 3

The Export Manager phones Mr./Ms. Nelson to apologize again for the mistake. S/He explains to him/her what happened and tells him/her that his/her order will be immediately collected by a trailer.

Mr./Ms. Nelson accepts the apology, but s/he is still angry because this is not the first time they receive the wrong order and wants some compensation for the inconvenience they have been caused.

CASE 5**THE PURCHASE
OF A NEW MACHINE**

Situation: The ceramic tile sector is very competitive. To keep a market share companies have to be always investing in new technology. CERES Board of Directors have decided to buy a new machine to automate the packaging of tiles in pallets, a palletising system.

Participants:

- Production and Research Manager
- Machinery and Raw Materials Buyer
- Chief Accountant
- Managing Director
- Sales Manager of the machinery company

STEP 1

The Production and Research Manager and the Machinery & Raw Materials Buyer have collected some advertisements about automatic machines that package tiles in pallets automatically. They discuss about the different adverts and finally decide to inquire about one of them, the one produced by INPAK, since they have been told it is one of the best. They write a letter.

STEP 2

The Sales Manager to INPAK replies with the information required.

STEP 3

The Production and Research Manager has a meeting with the Chief Accountant and the Managing Director to inform them about the machine. Finally, they decide to arrange a demonstration before buying the robot.

STEP 4

The Machinery and Raw Materials Buyer sends an e-mail message to INPAK to arrange a demonstration before placing the order.

The Sales Manager to INPAK phones the Machinery and Raw Materials Buyer to arrange the demonstration (explanation, video film and visit to a factory which is already using this machine) for the next week.

ADDITIONAL INFORMATION

Price of the machine: 840,000 euros

Terms of payment: Leasing with our bank (12% interest min.) for payment in 5 years.

The importing bank will pay after a month, if CERES confirms the machine is working perfectly.

Budget for the purchase of the machine: 1,100,000 euros max., including interest.

Find further information at:

<http://www.sacmi.com/FilePdf/10/4/pdf1.pdf>

CASE 6**NEGOTIATING THE SALE
OF THE PRODUCT**

Situation: Negotiating the sale of a product is always a difficult task, and it is even more difficult when it is a product which does not sell well.

Participants:

- Sales Manager
- Salesman
- Customer

STEP 1

Mr./Ms. A. Cull, Sales Manager to CERES, has a meeting with Mr./Ms. Martínez, salesman, to inform him/her that there is a big stock of tiles Model Madera 3. S/He must try to sell as much as possible of this product. If s/he obtains a good order without any discount s/he will get a high commission. S/He is allowed to offer up to 20% discount, but the higher the discount, the lower will be the commission s/he will get.

STEP 2

Mr./Ms. Martínez visits a new customer, Mr./Ms. Thompson. Mr./Ms. Thompson is a Canadian wholesaler of building materials. S/He would like to place a big order of floor tiles for a very good price, but s/he also wants very high quality. S/He has almost decided to buy models Imperial, Dakota and Gredos.

Mr./Ms. Martínez will have to convince him/her to place an order for the Model Madera 3, either in addition to the other models or substituting one of them.

REMEMBER that this is a negotiation; that means that each of the parts will try to defend their interests as much as possible.

CASE 7**STAFF REDUCTION
IN CERES S.A.**

Situation: The Accounts Department of CERES S.A. has noticed economic problems in the factory. One of the solutions must be a staff reduction.

Participants:

- Managing Director
- Personnel Manager
- Worker and Union representative

STEP 1

Meeting between the Managing Director and the Personnel Manager: the Managing Director explains to the Personnel Manager the decision taken in the last meeting of the Board of Directors in which they agreed to carry out a staff reduction. The Personnel Manager does not agree with the convenience of the action.

STEP 2

The Personnel Manager writes an internal memorandum announcing the staff reduction.

STEP 3

Meeting between the Personnel Manager and a worker and Union representative: the worker is very angry with the situation and even threatens with organising a strike. At the end of the negotiation they reach an agreement.

CASE 8**ARRANGING
TRANSPORTATION**

Situation: CERES wants to open a new market in south Asia and they want to know how much they will be charged for freight and insurance, and if it is convenient for them to include these services in their quotations.

Participants:

- Secretary
- Export Manager of CERES
- Manager of the freight forwarding company
- Agent of the insurance company

STEP 1

The Export Manager of CERES sends a letter to the freight forwarding company requesting information about transport and insurance costs for consignments to be delivered to south Asia.

STEP 2

The Manager of the freight forwarding company replies giving details of transport costs and advising CERES to contact REINS Insurance Co. with which they deal in transport insurance matters.

STEP 3

The secretary to the Export Manager of CERES phones Mr./Ms. R. Cheims from REINS and Mr./Ms. B. Aches from the freight forwarding company to arrange a meeting with the Export Manager of CERES to deal with transport costs and insurance.

STEP 4

Meeting of the Export Manager of CERES, the Manager of the freight forwarding company and the Agent of the insurance company.

If you need more information about Freight Forwarders in Castelló, you can search this web site
<http://portfocus.com/spain/castellon/> and contact them for information.

CASE 9**DISMISSAL OF
AN EMPLOYEE**

Situation: One of CERES customers has informed them that a competitor is trying to launch an imitation of model Cancun. There can only be a way to get the information about the product: through an employee of the company. After an investigation, they have found out who the spy can be.

Participants:

- Managing Director
- Personnel Manager
- Worker and Union representative

STEP 1

The Managing Director has a meeting to inform the Personnel Manager that after an investigation, they have reasons to believe that Mr./Ms. L. Rands, the Publicity Assistant has sold information about the model Cancun.

STEP 2

The Personnel Manager phones Mr./Ms. Rands and asks him/her to come to his/her office. In the interview Mr./Ms. Rands first denies the facts but after being shown some evidence, s/he confesses.

STEP 3

The Personnel Manager goes to the Managing Director's office to tell him/her about the interview with Mr./Ms. Rands. Then they decide to dismiss him/her. The Personnel Manager writes a letter to Mr./Ms. Rands announcing the dismissal.

STEP 4

Mr./Ms. Rands receives the letter and phones the Managing Director asking for a meeting to convince him/her to change his/her mind about the dismissal.

CASE 10**A MERGER**

Situation: Although CERES has been doing very well in the last years, it is still a small company and competition in the market is growing. MULTIGRES, a medium size company in the sector has made a proposal to CERES for a merger. MULTIGRES has held an Extraordinary General Meeting (E.G.M.) to consult the shareholders and they have also informed the staff. Now, both companies must make a decision as soon as possible.

Participants:

- Chairperson of CERES
- Managing Director of CERES
- Sales Manager of CERES
- Chairperson of MULTIGRES
- Managing Director of MULTIGRES

STEP 1

Meeting between Mr./Ms. Walker, Chairperson of MULTIGRES, and Mr./Ms. Andrews, Managing Director of MULTIGRES, at Mr./Ms. Walker's office to prepare a letter to CERES, announcing a meeting for a week later.

STEP 2

Meeting between Mr./Ms. Lukacs, Managing Director of CERES, and Mr./Ms. Cull, Sales Manager, to discuss the convenience of the merger.

STEP 3

Meeting between Mr./Ms. Walker, Chairperson of MULTIGRES, and Mr./Ms. Andrews, Managing Director of MULTIGRES, at Mr./Ms. Walker's office one week later to prepare a telephone call to CERES. Telephone call to arrange a meeting.

STEP 4

Meeting between Mr./Ms. Reynolds, Chairperson of CERES, and Mr./Ms. Lukacs, Managing Director of CERES, at Mr./Ms. Lukacs's office, in which Mr./Ms. Lukacs informs Mr./Ms. Reynolds about the meeting with MULTIGRES representatives.

STEP 5

Meeting between the representatives of both companies to reach an agreement about the merger.

CASE 11**TAKING OUT FIRE
INSURANCE**

Situation: After a long and specially hot summer, the Board of Directors of CERES realize the risk of fire the company has and decide to take out fire insurance.

Participants:

- Managing Director
- Chief Accountant
- Insurance broker

STEP 1

Inquiry letter from the Managing Director of CERES to an insurance broker requesting information about insurance against fire, floods and earthquakes.

STEP 2

Phone call from the insurance broker to arrange an appointment.

Meeting between the Managing Director, the Chief Accountant and him/herself. The broker informs them about the premiums, covers and compensations if there are losses, offered by different insurance companies.

STEP 3

Meeting between the Managing Director and the Chief Accountant to decide the most convenient policy for the company.

STEP 4

The insurance broker comes again to CERES. The Managing Director signs the insurance policy.

You can find more information about Insurance at these web sites:

<http://www.allstate.com>

<http://www.companyinsurance.co.uk/>

CASE 12**COMMERCIAL
RESEARCH**

Situation: CERES have problems with the new model Cancún, which has been recently launched to the market. They decide to ask for a commercial investigation in order to find out why this product has not been accepted by the customers as expected. The research will be carried out by the firm NEMSA Inc.

Participants:

- Managing Director of CERES
- Production and Research Manager of CERES
- Sales Manager of CERES
- Chief Accountant of CERES
- Managing Director of NEMSA Inc.
- Researcher 1
- Researcher 2

STEP 1

Meeting of CERES Board of Directors to present and try to solve the problem. Due to the disagreement of the people in charge, it is decided to entrust the matter to a specialised firm in commercial research.

STEP 2

CERES representatives go to NEMSA to agree with them about the kind of research that should be done, according to its aim, namely to find out the reasons which have made the product fail.

STEP 3

Telephone conversation to arrange a meeting. Meeting of CERES Board of Directors and NEMSA representatives to present the results of the research.

CASE 13**RENOVATION OF THE
CLEANING STAFF**

Situation: CERES S.A. have had several problems with their cleaning staff. They decide not to renew their contract and to hire the services of a specialised firm.

Participants:

- Personnel Manager of CERES
- Managing Director of CERES
- Assistant to the Personnel Manager of CERES
- Managing Director of HAPPY BRUSH
- Secretary to the Managing Director of HAPPY BRUSH

STEP 1

CERES Personnel Manager phones the Managing Director to tell him/her about the termination of the contracts of the cleaning staff. They are demanding a rise in their salaries for the new contract. S/He suggests not to renew the contracts, the Managing Director agrees with him/her, and they decide to look for a cleaning company.

STEP 2

The Personnel Manager asks his/her assistant to write an advertisement in the local newspaper to find a cleaning company that will be in charge of cleaning the whole premises, and to draft a letter communicating the cleaning staff that their contracts have terminated and they will not be renewed.

STEP 3

HAPPY BRUSH secretary reads the advertisement and talks to the Managing Director about it, who thinks it will be a good idea to have a meeting with CERES. The secretary arranges the meeting.

STEP 4

HAPPY BRUSH Managing Director and CERES Personnel Manager have an interview and they agree to sign a contract.

CERES Personnel Manager writes a memo for all the staff in the company to inform them about the changes in the cleaning staff.

CASE 14**A TAX INSPECTOR
IN CERES**

Situation: A tax inspector visits CERES. The Treasury thinks that they have not paid a large amount of money, but CERES does not agree. They decide to contact an auditor and a lawyer.

Participants:

- Managing Director
- Tax inspector
- Auditor
- Lawyer

STEP 1

The tax inspector arrives at CERES. S/He talks to the Managing Director because, according to the Treasury, CERES failed to pay 3m euros last fiscal year.

STEP 2

The Managing Director sends a letter to an auditor asking for an audit to clarify the accounts, and phones their lawyer to explain to him/her the situation.

STEP 3

The Managing Director has a meeting with the lawyer and the auditor. They discuss the strategy to follow, trying to avoid the financial inspection.

STEP 4

The lawyer and the tax inspector have a meeting. They discuss about the matter, but they do not reach an agreement. Finally, the lawyer tells the inspector that CERES will take legal action against the Treasury.

CASE 15**A NEW SALES
OFFICE**

Situation: Last year, CERES did very well in their sales in the home market, and they have decided it will be very convenient for the company to open a sales office in Madrid.

Participants:

- Chairperson
- Managing Director
- Personnel Manager
- Applicant 1
- Applicant 2

STEP 1

Meeting between the Chairperson and the Managing Director, in which the latter explains the good sales the company had in the home market last year, and the possibility of opening a sales office in Madrid.

STEP 2

Meeting between the Managing Director and the Personnel Manager to discuss how many people should be employed for the new office. The Personnel Manager writes an advertisement for the newspapers offering a job for a salesman/woman for the new office.

STEP 3

The Managing Director phones several estate agencies, asking about commercial sites to be rented in the city centre.

STEP 4

Two applicants send them letters applying for the job. The Personnel Manager interviews them.

STEP 5

Meeting between the Personnel Manager and the Managing Director to decide which of the applicants should be employed.

STEP 6

Meeting between the Managing Director and the Chairperson to decide about the site of the new office and to inform him/her about the person who will be in charge.

CASE 16**A THEFT**

Situation: There has been a theft in one of CERES warehouses. The Managing Director contacts the insurance company to claim compensation. Meanwhile, the Sales Manager gets in touch with the company whose last order had to be delivered the next day.

Participants:

- Managing Director of CERES
- Sales Manager of CERES
- Secretary of CERES
- Agent of insurance company
- Managing Director of SANDERS
- Secretary of SANDERS

STEP 1

The Sales Manager informs the Managing Director about the theft and suggests contacting the insurance company and SANDERS, the company that is expecting their order next week. They agree the Managing Director will get in touch with the insurance company, and the Sales Manager will contact SANDERS.

STEP 2

The secretary of the Managing Director writes a letter (for him/her to sign) to the insurance company asking for a claim form, and informing about the theft.

The Sales Manager phones the Managing Director of SANDERS to apologise and explain the problem they have had, but the Managing Director of SANDERS needs the goods urgently.

STEP 3

The agent of the insurance company sends a reply letter to CERES enclosing the claim form, informing them that a surveyor will go to look into the warehouse, and asking for a meeting with the Managing Director, as soon as possible, to talk about the cover of the policy.

STEP 4

Meeting between the Managing Director of CERES and the agent of the insurance company to see how much of the loss will be covered by the insurance company.

CASE 17**COMPLAINING
TO OUR SUPPLIERS**

Situation: CERES has received a consignment of enamel in bad conditions from their suppliers, CERAMIC FRITS AND GLAZES. It should have been 25 drums of liquid enamel of different colours, but in 6 drums the enamel has become solid, and is thus unusable.

Participants:

- Machinery and Raw Materials Buyer
- Sales Manager of CERAMIC FRITS AND GLAZES
- Production and Research Manager

STEP 1

Mr./Ms. Smith, Machinery and Raw Materials Buyer to CERES phones CERAMIC FRITS AND GLAZES. S/He wants to talk to Mr./Ms. Ribon to complain about their last order of enamel. The consignment consisted of 25 drums of enamel of different colours. In the drums containing blue, red, and green enamel, a total of 6 drums, the enamel has become solid, and is unusable for production. Mr./Ms. Ribon apologizes and promises to find out what happened and tell him/her as soon as possible.

STEP 2

After two weeks without any reply, the Machinery and Raw Materials Manager decides to write a letter in order to have a written evidence of the complaint.

STEP 3

Two more weeks go by without any news from CERAMIC FRITS AND GLAZES. Mr./Ms. Smith has a meeting with the Production and Research Manager, who asks him/her to find a solution for the problem, otherwise they will have to stop production, since they are running out of enamel.

STEP 4

Mr./Ms. Smith phones again CERAMIC FRITS AND GLAZES. S/He is told Mr./Ms. Ribon is not in the premises at the moment. Then s/he asks to speak to the General Manager, Mr./Ms. Bluemart. S/He tells him/her about the problem, and asks for an immediate solution. Finally, after the appropriate explanations, they find a solution. Mr./Ms. Smith writes an e-mail to the Production and Research Manager informing him/her about the solution they have agreed on.

Find further information about raw materials suppliers for the ceramic industry search:

<http://www.allbusiness.com/manufacturing/stone-clay-glass-concrete-products/3777508-5.html>

<http://quimicer.com>

KEYS

UNIT I

BUSINESS MEETINGS

Activity 1. Answer the following questions according to the previous information.

1. Are executives and managers the only people taking part in meetings?

No, they are not. Other type of people may participate in a meeting, such as businesspeople, secretaries, assistants or people whom the top-management delegates to.

2. Specify three reasons to organise a business meeting.

- **to know what the colleagues are doing**
- **to make a decision based on shared information and opinions**
- **to do business with other companies or organisations**
- **to reach agreements**
- **to negotiate**

3. What can we expect from a good meeting?

A good meeting should stimulate thinking, generate new ideas or solve problems; in other words, a good meeting must be productive.

4. What type of meeting is the one organised to find a solution to a problem?

A decision-making and problem-solving meeting.

5. What is another name for a company meeting?

Annual General Meeting (AGM).

Activity 2. Complete the following agenda using the words in the box.

**Shandford Industry Co.
Marketing Department Meeting
AGENDA (1)
January 14, 2008, 15:30 p.m.
Meeting room no. 3, Company's headquarters, Chicago**

1. Welcome and call to **order** (2). **Opening** (3) comments. Introduce Penelope.
2. Approve the last meeting **minutes** (4)
3. Restructure mission and set **goals** (5) and objectives for the new year.
4. **Confirm** (6) meeting calendar for this year.
5. Marketing plan and Radio BTC Campaign.
6. AOB.
7. Set day and time for next meeting, if appropriate.

Activity 3. Complete the following text of how a meeting works using some of the words and phrases in the box. In order to help you, we have included the meanings of these words and phrases. One of the words is used more than once and some words are not used.

Before the Chairperson calls a meeting s/he should **circulate** (1) an **agenda** (2) so that every participant can know what items are to be discussed. Sometimes, a **quorum** (3) should be present in order to start the meeting, mainly if voting has to take place. At the beginning of the meeting the **minutes** (4) of the previous one are confirmed. Then, the participants discuss each **motion** (5) (or topic) on the agenda and try to reach a **consensus** (6). If the attendees discuss about an important issue, they may have to take a vote. When this happens, those absent may send their apologies and may have given **power of attorney** (7) to someone present so that they can vote by **proxy** (8). Proposals can either be **seconded** (9) or opposed. In the event of a **deadlock** (10) the Chairperson may record a **casting vote** (11) so that a decision is taken. The secretary of the meeting is required to take notes of the development of the meeting and write the **minutes** (12) afterwards.

Activity 4. In the previous texts you have seen relevant aspects about the meeting. Now complete the words below (the first letter of each word and its meaning are given), so that you have a list of the *essential elements of a meeting*.

1. **p**urpose
2. **a**genda
3. **a**ttendees
 - ch**airperson
 - se**cretary
 - p**articipants
4. **m**inutes

Activity 5. What do you do in a meeting? In the following wordfinder, find out verbs that could combine with the word "meeting". They have already appeared in this unit. The verbs can be found by moving horizontally, vertically, diagonally or back to front.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| A | C | Y | U | P | L | A | E | G | T | Y | A |
| C | T | D | O | N | T | R | D | V | E | H | N |
| A | R | N | R | E | A | F | I | X | L | N | H |
| L | O | E | G | T | R | D | I | A | G | I | E |
| L | B | T | A | U | Z | E | J | E | K | H | H |
| W | I | T | N | S | A | H | E | O | E | S | O |
| L | S | A | I | S | U | D | U | Z | U | W | L |
| B | D | Y | S | A | E | D | R | I | O | R | D |
| E | S | U | E | N | G | U | P | I | R | U | N |

| | | |
|---------|--|-----------|
| You can | adjourn attend call hold organise run | a meeting |
|---------|--|-----------|

Activity 6. Match the following expressions to the previous functions used when chairing a meeting.

| Expressions | Functions |
|--|-----------|
| • As we have a lot to get through this morning, can we agree on the ground rules? I suggest/propose the following | 1 |
| • Can I get this clear? | 5 |
| • Can we go on to think about the next issue? | 8 |
| • I'd like to propose the following amendment. | 9 |
| • If everyone has got a copy of the agenda, let me first explain the purpose of the meeting. | 1 |
| • Is there any other business? | 10 |
| • Let's leave that aside for a moment. | 4/6 |
| • Okay, let's move on to item 4. Who's going to open this one? | 3/8 |
| • Pat, what do you feel? | 3 |
| • Right, I declare the meeting closed. | 10 |
| • We're beginning to lose sight of the main point. | 6 |
| • Well, it seems that we are broadly in agreement that we should delay our final decision. | 9 |
| • Would you like to say a few words about yourself? | 1 |

Activity 7. This activity will help you to think about the diverse aspects to take into account to make a meeting successful. The following list shows the features of a well organised effective meeting. Some of them are fully written, the others have a missing word. Try to complete the gaps by reordering the letters between brackets. To make the activity easier, you are given the first letter of the word, which is not included inside the brackets, and also the words in a box.

- Start and end the meeting on **time**.
- Develop a focused **discussion**.
- Carry out a clear purpose or **agenda**.

- Discuss relevant **matters**, describing results, and defining problems that must be solved.
- Make an effort to reach conclusions by **consensus**.
- Invite every person at the meeting to **contribute**.
- Listen with interest to everyone (practise high quality **listening**).
- Publish rapidly the **results** and encourage action.
- Use visual aids, and present only information meaningful to the majority of the **attendees**.
- Include in the meeting a three-to-five minute **break**.

Activity 8. In the next box, there are some more expressions that can be used during a meeting. Match them to the previous functions.

| Expressions | Functions |
|---|-----------|
| • Sorry to interrupt but I don't agree..... | 4/6/8 |
| • I really don't think that's relevant. | 3/6 |
| • I'd like to emphasise the fact that we must find new markets for this product. | 3 |
| • I couldn't have said it better myself..... | 5 |
| • We seem to be talking about different things..... | 6/7 |
| • How do you feel about that? | 2 |
| • It's very difficult to make a decision now. | 10/11 |
| • I'm not sure I understood the point about the new promotional campaign..... | 7/9 |
| • That suits me fine. | 5 |
| • I'm afraid I can't go along with that. | 6 |
| • I do think it's important to take into account consumer trials/ tests..... | 3 |
| • I (would) recommend a very simple presentation. | 12 |
| • If I could just come in here. | 1/4/8 |
| • Why don't we treat this topic later?..... | 11 |

Activity 9. Read the following meeting and fill in the gaps using the words you have in the box. Then, check if your options are right by listening to the recording.

Ana: Roberto, let me introduce you to Mrs. Astaire.

Roberto: Hello, how do you do?

Jane: How do you do? Nice to meet you at last.

Roberto: Nice to meet you. When did you arrive?

Jane: I arrived last night but I went early to sleep as I was quite tired. Jetlag, you know?

Roberto: Oh yes, of course. I understand.

Jane: This morning, Ana **picked me up** and here I am, ready to work.

Roberto: That's great. I'm looking forward to your final proposal as we are very pleased with your interest.

Jane: Thank you. I hope we can discuss the different **issues** all through the meeting.

Roberto: Did you have a coffee or tea? ... Please, help yourself. We'll start in a few minutes.

Juan: Hello everybody. I couldn't come earlier. I was in a traffic jam, like nearly everyday.

Ana: Hi Juan, I would like to introduce you to

Juan: Hello Mrs. Astaire, how are you?

Jane: Fine, thanks, and you? How is your family?

Juan: They are fine, thank you. I just left my kids at school. So we all are going to be busy today, aren't we?

Jane: Good. Do you want to join us for a coffee? ...

[time lapse]

Roberto: Good morning and thank you for coming, especially our guest Mrs. Astaire. As you all know each other, I'll avoid any kind of introductions.

I suppose you all received the **agenda** of today's meeting.

All: Yes/Yeah

Roberto: As you all know this is the fourth meeting we are holding with the company WaterSpring, being our main objective to settle the **merger**. We, mainly Ana, have participated in the previous meetings in Canada and I think Juan also went to one of them.

Juan: Yes, that's right.

Roberto: Today's agenda includes three main **topics**: revision of the previous **deals**, revision of WaterSpring proposal, and reaching a final agreement.

Probably at the end of the meeting, Jonathan Ferguson, **CEO** of WaterSpring, will join us by videoconference.

Any **comment** or observation before we start? (silence) Ok then, let's get down to **business**.

[time lapse]

Roberto: Thank you very much Mrs. Astaire for your excellent presentation. I think now we can discuss the topic or **move on** to the final item.

Jane: Mr. Soriano, if anyone has a question or a comment, I'd be pleased to answer them.

Juan: Mrs. Astaire, I'd like to know if you have considered a possible expansion into the Asian market for the future.

Jane: That's a good question, Mr. Monterde. In fact, we have talked about that in some **departmental** meetings. We think that the most important aim in a short term is to establish our company as the leader in the distribution of bottled water in North America and in Europe. In a mid-term or long-term, the Asian market has to be a must. I don't have all the information **at hand**, but some studies pointed out the end of this decade as the right time to enter the Asian market.

Juan: Thank you for your answer

Ana: Excuse me, Mrs. Astaire. In your presentation you have talked about the marketing campaign. I think you have just explained your ideas for the North American market, but I missed the information dealing with the European market. Could you **repeat** the information or give us further details about it?

Jane: Didn't I show you a **slide** with all the information? ... Let me check ... Oh, you're right. What a mistake! I'm sorry, but I think something has happened during my presentation and I forgot to include this slide.

Ana: Ok, it's fine. Just let us know something about it.

Jane: Ok. As I have just said, we will try to **sponsor** some NBA teams or some football teams, American football I mean. As for Europe, we had thought of sponsoring soccer teams, your football, or top players of any kind of sport. Popular cooks endorsement is also in our mind in both markets. We think that as a starting point this is not a bad idea.

Communicative Situation 1

Free answer

Communicative Situation 2

Free answer

UNIT II

BUSINESS NEGOTIATIONS

Activity 1. Role play. Working in pairs, try to sell something you have on you (watch, bracelet, etc.), or a household object, to your partner. Then, note down the steps you have followed, and any expression you think is relevant and you may use in other situations in which you have to carry out a negotiation. You will check through the unit whether your notes match with what you will find in it.

Free answer

Activity 2. Match the following expressions with the previous functions.

| Expressions | Function |
|---|--|
| a. How are you?/Fine, thanks. And you? | 4. Greetings and replies for first and subsequent meetings |
| b. May I introduce my colleague, Janet Gunson? | 3. Introducing other people |
| c. My name is Roberto Oliveira. I'm the Sales Manager at Brazilian Oil. | 2. Identifying/ Introducing yourself and getting on first-name terms |
| d. (I'm) pleased to meet you./ (Very) pleased to meet you, too. | 4. Greetings and replies for first and subsequent meetings |
| e. This is my colleague, Catherine Woods. | 3. Introducing other people |

Activity 3. Match the following expressions with the previous functions.

| Expressions | Function |
|---|---|
| a. Let me outline our position. | 3. Stating principal objectives / 1. Starting the negotiations |
| b. Does that seem acceptable to you? | 5. Checking agreement and acceptance of objectives |
| c. Yes, that's fine with us. | 6. Positive response (to several sorts of questions) |
| d. First of all, I think we should establish the overall procedure. | 2. Getting agreement on the procedure |
| e. OK, let's get started, shall we? | 1. Starting the negotiations |
| f. Something else we'd like to achieve is ... | 4. Stating supplementary objectives |

Activity 4. Match the sentences on the left-hand column expressing ideas in a direct way with those on the right re-expressing the same ideas in a less direct or less dogmatic way, so that they make a better climate of cooperation.

| | | | | |
|------|------|------|------|------|
| 1. d | 2. c | 3. a | 4. e | 5. b |
|------|------|------|------|------|

Activity 5. Match the following questions with the functions on the table. Write them down to have a better view of the relationship.

| Function | Questions |
|---|--|
| 1. Checking understanding or assumptions [by recapping on key points which the other side has made or what you think you have understood] | <p>a. As I recall, you said you're planning to expand the market. (Possible answer: Yes, that's the plan).</p> <p>e. Have I got this right? You said a discount on an order of 1,000. (Possible answer: That's right/correct, yes).</p> <p>l. When you say there are delivery problems, what do you mean?</p> <p>m. When you say your prices reflect the investment, do you mean that your products are expensive because you've spent a lot of money on them?</p> |

| | |
|---|--|
| 2. Leading in to questions | b. Can I just ask you a few questions about your purchasing policy? c. Can I just move on to another question? |
| 3. Asking for approximate information or exploring others' position | d. Can you give me an idea of what quantity you might be interested in? g. How would you feel about a bigger discount? h. Roughly how many items you might want each month? j. What is the importance of the environment issue? k. What is your opinion of after-sales service? |
| 4. Asking about emphasis | f. How important is the environment issue to you? i. What emphasis do you place on after-sales service? |

Notes:

Questions **f.** and **j.** can be interchanged belonging to functions 4 and 3 respectively.

Activity 6. When negotiating it is important not to be too aggressive. Instead, being diplomatic often brings the best results. Match the following sentences with the more diplomatic ones on the left column, and with the even more diplomatic ones on the right one. Write them down for a better comparison.

| | |
|-------------------------|--|
| <i>Sentence 1:</i> | We must talk about discount first. |
| <i>Diplomatic:</i> | I think we should talk about discount first. |
| <i>More diplomatic:</i> | Would it be a good idea if we discussed discount first? |
| <i>Sentence 2:</i> | There's no way we can deliver it earlier. |
| <i>Diplomatic:</i> | I'm afraid we can't deliver it earlier. |
| <i>More diplomatic:</i> | I'm sorry, it's not our policy to deliver it earlier. |
| <i>Sentence 3:</i> | I want a solution. |
| <i>Diplomatic:</i> | Could you give me a solution? |
| <i>More diplomatic:</i> | Would you consider giving me a solution? |
| <i>Sentence 4:</i> | I won't improve my offer. |
| <i>Diplomatic:</i> | Unfortunately, I can't improve my offer. |
| <i>More diplomatic:</i> | I'm afraid that's the best option I can offer. |
| <i>Sentence 5:</i> | Can you change the terms of payment? |
| <i>Diplomatic:</i> | I wonder if you could change the terms of payment. |
| <i>More diplomatic:</i> | Is there any possibility you could change the terms of payment? |

Sentence 6: Your price is far too high.

Diplomatic: **Your price seems rather high.**

More diplomatic: **Your price is higher than I was expecting.**

5. Concessions and agreements: bargaining

Notes:

Experts distinguish two main negotiation behaviours or negotiating strategies:

- competitive (or combative): these behaviours are focused on a short-term 'win-lose' philosophy. Main characteristics:
 - the negotiators hide information (most of all the essential and basic one)
 - the communicative interaction is ineffective because they tend to use tactics like demands, negatives, threats, conversational overlaps, touching, etc.
 - these strategies make difficult to get an agreement (possible failure of the negotiation process); in case of reaching an agreement, it would result in dissatisfaction of at least one of the parties and it would make difficult to maintain good relationship in the future.
- co-operative (integrative or collaborative): this strategy emphasises a 'win-win', 'problem-solving' approach, and it is considered even more important than the first strategy. Main characteristics:
 - the negotiators exchange information in an open, clear and honest way; that is to say, it implies a mutual beneficial solution for all concerned
 - the negotiators use tactics such as questioning and self-disclosures, which permit them to establish an effective communication between the parties
 - this type of behaviours facilitates the creation of trust between the parties and reduction of the uncertainty, so that it is better to satisfy the interests of the parties and to establish and maintain the compromise to the negotiated relationship in the future.

Activity 7. Rewrite the following sentences by using the link words from the box. Notice that sometimes it is better to place first the condition and other times to use the offer/acceptance as the first element in the sentence. Be aware of the punctuation marks.

Suggested answer

1. If you agree to quicker payment terms, we'll give you a 5% discount.
2. We'll increase our order on condition that you pay shipping costs.
3. We could offer a better discount if you placed a large order.
4. We'll consider covering insurance ourselves provided that you promise delivery within five days.
5. I'm afraid we cannot accept that unless we can pay by letter of credit.
6. We can despatch within one week as long as you pay us at sight.
7. We'll continue to offer the same discount so long as you agree to pay by bank transfer.
8. I can't agree most; if now you cover both shipping and insurance, we will place further orders with you in the near future.

Activity 8. Negotiating an agreement.

The conversation below is the beginning of a negotiation between the management representative and the union representative. Complete the dialogue by putting the extracts in the right position. You are given separately the extracts of the two interlocutors although the expressions are disordered.

| | |
|----------------------------|---|
| Management representative: | (c) So we're meeting today to reach an agreement on the proposed changes on the working hours for Christmas holidays. |
| Union representative: | (e) Right, and the key issue is remuneration. |
| Management representative: | (b) Yes, and we can only reach an agreement if we pay for the working hours as such and not as extra hours. |
| Union representative: | (h) I'm afraid that's out of question. My members cannot possibly accept earning less than deserved. So extra hours should be taken into account. |
| Management representative: | (d) That is not really the case, because the company cannot afford to pay more in these moments. If we paid people as you ask, we might reduce staff next year. |

| | |
|----------------------------|--|
| Union representative: | g) I'm sorry, but this is unacceptable. We will make productivity gains during Christmas. According to the company's last months income, if you pay the extra hours at the stipulated rate, there won't be any problem to face the new year, and there won't be any staff reduction at all. |
| Management representative: | (a) I don't see that happening without considerable reduction in members of staff. |
| Union representative: | (f) Well, we seem to be getting nowhere. Let's establish some common ground, OK? |

Activity 9. Role play. Salary Increase.

Free answer

Activity 10. Answer the following questions according to the previous information.

1. How do you have to deal with cultural differences?

You should learn about the cultural differences of your counterparts, understand them and respect them.

2. Name some relevant cultural factors which could interfere in the negotiations. Which do you think is the most important?

Some of the relevant cultural factors which could interfere in the negotiations are: attitude to time, formality and protocol when establishing relationships, politeness, and extra-linguistic elements of communication.

Free answer of the second part of the question.

3. Explain another cross-cultural example, different from the ones appearing in the text.

Free answer

Activity 11. Complete the dialogue with the words and expressions you listen.

Ana: Well, Eric, our **position** is clear. We think that an increase of 20% in the marketing campaign is what we need. Our **main objective** is to introduce the new products into the market using an appealing campaign but having some relatively small expenses.

Eric: Right, **I see your point**, but my opinion is that we may spend a bit more so that we can make a wider expansion of our products.

Ana: I don't know ... **I'm not sure about that**. You see, if we increase ... how much did you say in our previous meeting?

Eric: I proposed an increase of 30% which is about 22% of our budget.

Ana: Ok, then if we spend 22% of the company's budget, we cannot think of sponsoring anybody or anything. Don't you see that this is our first year? I think that the best option is to show our brand in as many places as possible but in the first year we need to be very selective.

Eric: **I'm sorry**, but I think we can do it and we must do it. I mean, I think that during the first year we should be more aggressive when launching our new products and our joint brand. **It's the right moment** to look for a piece of the cake. We need to spend that quantity and even more if we could explain our strategy to the board of directors.

Ana: No, Eric. **I think this is impossible**. You already know that their decision was to make the best with the assigned budget. We cannot even think about a different option. Maybe we are misleading the way of solving this problem. Why don't we try to be more aggressive and appealing with a smaller budget?

Eric: How? Do you have something in mind?

Ana: Well, actually I think that **if we could reach** some of our clients and make them believe in our joint project, we could also ask them to reduce their benefits for the next year and we could do more or less the same with the current budget.

Eric: Do you think it will work?

Ana: I don't know, but I have the feeling it may. In fact, I talked to one of my clients a couple of weeks ago and it seems it's not a bad idea. It was just an informal conversation in which I asked her what they would do in case of proposing a worldwide campaign in return for an adjustment of their benefits.

Eric: **That really sounds fine.** I would need to make a phone call to check this with my department staff. Could we take a break for a couple of hours so that I can talk to them and they try to sound out some clients?

Ana: Great. We can postpone the meeting for a couple of hours. Shall we meet at four?

Eric: Ok.

Ana: Do you need anything else? Do you know how to manage in this office?

Eric: Yes, everything is ok. I'll manage.

Ana: If you need anything, just call me at my office, extension 876.

Eric: Ok, see you in a while.

Ana: See you.

Communicative Situation 1

Free answer

Communicative Situation 2

Free answer

UNIT III

INCOTERMS, PACKING, DELIVERY AND INSURANCE

Activity 1. Answer the following questions according to the previous information.

1. Can you quote a unique price for a product? What are the factors that affect the price of a product?

No, there are different prices which depend on the services provided and included in the price.

2. Which are the Incoterms that include main freight insurance costs for the seller?

CIF, DAF, and DDP.

3. What is included in the FOB quotation?

All the costs until the goods are on board the ship chosen by the buyer and all the formalities regarding exportation.

4. Is CIF price lower than FOB price for the same goods? Why?

CIF price has to be higher for the same goods and the same transport, since it includes all the transport and insurance costs to the port of destination, whereas FOB only includes costs up to the port of departure.

5. If the buyer chooses DDP, does s/he have to pay for freight and landing costs?

No, everything is included in the price.

Activity 2. Find synonyms for the following words and expressions in the text.

- Incoterms **Price quotation**
- Consignment **Goods**
- Freight **Transport/carriage/transportation**
- Permission **Authorisation**
- Buildings of the company **Premises**
- Send **Deliver**
- Means of transport **Carrier**

Activity 3. Translate the following sentences from Spanish into English.

Suggested answer

1. Le hemos dado el precio CIF Liverpool.
We have given you the CIF Liverpool quotation.
2. Nuestros clientes tienen que pagar el flete marítimo y el seguro, así como todos los gastos de descarga y entrega en su país.
Our customers have to pay for sea freight and insurance, as well as all the costs of unloading and delivery in their country.
3. Este precio incluye el transporte desde nuestro almacén al muelle y todos los gastos de embarque.
This quotation/price includes transport from our warehouse to the docks, and all shipping costs.
4. En el precio Franco Fábrica el vendedor no es responsable de organizar el transporte ni de contratar el seguro.
In the EXW quotation the seller is neither responsible for organising the transport nor for contracting insurance.

Activity 4. Listen to the following extracts from different telephone negotiations and indicate the most appropriate Incoterm to be used for the quotation of the price of the products, and the most convenient main means of transport.

Situation A

Buyer: The consignment has to be delivered to Bucarest. We can arrange for road transport from Munich, and also for the insurance.

Incoterm: FCA Main means of transport: Train/Road

Situation B

Seller: Flowers are delicate, and should be delivered as fast as possible. They can go from Hawaii to Los Angeles in 6 hours. We can arrange for freight and insurance door to door, if you wish.

Incoterm: DDP Main means of transport: Plane

Situation C

Buyer: We want the goods delivered to our premises in Montpellier. Our usual carrier will collect the goods at the customs. Please arrange for transport and insurance up to that point.

Incoterm: DAF Main means of transport: Train/Road

Situation D

Seller: Dispatch should be immediate and the goods should be delivered to our warehouse in Manila in two weeks. We will only be in charge of transport and insurance once the goods have arrived at the harbour.

Incoterm: **CIF** Main means of transport: **Sea**

Activity 5. Answer the following questions about the text.

1. What is the function of the freight forwarding agents?

Their function is to provide the services needed in the exportation of products, such as packing, delivery and insurance.

2. Which of these containers are used to pack liquids: crates, drums, bales, tins?

Drums and tins are appropriate containers for liquids.

3. What are polystyrene moulds used for?

They are used to protect fragile goods.

4. Why are cases battened or wired?

To secure them, that is, to prevent them from opening and dropping the goods.

5. Why do you think cases are stencilled with some words?

To warn employees of transport companies of the special characteristics of some goods.

Activity 6. Relate the numbers in the picture with the words provided. Use a dictionary if necessary.

| | | | | |
|-------------|-------------|--------------|--------------|--------------|
| 1. i | 5. f | 9. m | 13. q | 17. p |
| 2. g | 6. k | 10. l | 14. n | 18. r |
| 3. e | 7. c | 11. j | 15. b | |
| 4. a | 8. h | 12. o | 16. d | |

Activity 7. Find in the box the appropriate words to complete the following sentences.

a. Each vase must be individually **wrapped** in paper, **packed** in paper straw, introduced in cardboard **boxes** including 6 vases each, and shipped in wooden **crates** (no more than 10 boxes per crate) marked **fragile** and numbered 1 to 10.

- b. The milk has to be packed in 1 litre **cartons**; every 12 cartons will be introduced in a **sealed** cardboard box. A **pallet** will contain 100 cardboard boxes. Pallets will be **insulated** to prevent humidity and **battened**.

Activity 8. Relate the following goods with the type of packing they may require.

| | | | | |
|------|------|------|------|------|
| 1. c | 2. e | 3. b | 4. a | 5. d |
|------|------|------|------|------|

Activity 9. Describe the most appropriate packing conditions for the following goods.

Suggested answer

- a. 10 pearl necklaces: **each pearl necklace has to be placed in a padded case. All 10 cases must be introduced in a strong wooden box, sealed or nailed.**
- b. 1 crystal lamp: **the lamp will be wrapped in thin paper, and placed in a wooden crate, with the word "Fragile" stencilled on the outside.**
- c. 100 litres of olive oil: **each litre will be introduced in a plastic bottle. Every 10 bottles will be placed in a strong cardboard box. All 10 boxes will be placed in a pallet, which will be insulated, sealed and battened.**

Activity 10. Listen to the following telephone conversation negotiating the packing conditions of a consignment of office paper and fill in the gaps.

Sonia Rallo: Buenas tardes, le habla Sonia Rallo de COFENSA, ¿en qué puedo ayudarle?

Herta Schnitzer: Can you speak English?

Sonia Rallo: Yes, of course. How can **help** you?

Herta Schnitzer: My name is Herta Schnitzer from CMI Germany. Last month you placed an order of 1,000 packets of **80 grams** white office paper, of 500 sheets each. The order number is **06546**.

Sonia Rallo: Yes, I remember that. It arrived a couple of weeks **ago**.

- Herta Schnitzer: Yes, according to your e-mail it arrived on the 2nd of May. In your message you **complained** about the packing conditions of the consignment, since some of the packets have arrived in bad condition. We have already delivered the **replacements**, but we would like to discuss with you the packing conditions for future orders.
- Sonia Rallo: Yes, that seems a good idea. Five packets had the wrapping broken and half of the sheets were lost or useless.
- Herta Schnitzer: As you know, we usually **wrap** the 500 sheets in transparent plastic film which is **sealed**. Then every 10 packets are placed in cardboard boxes, which are stapled and taped.
- Sonia Rallo: I think the problem is that the plastic film is too thin and **breaks** easily. We would like the packets to be wrapped in a thicker type of film or plasticized paper. Then, the cardboard boxes must also be **insulated**, so that the paper does not get wet if it's under the rain.
- Herta Schnitzer: Well, we understand your concern, but we have been manufacturing and supplying office paper for 20 years now and we have always used this type of **packing**. I must say you are the first customer who has ever complained in these 20 years. I think we can work on the possibility of using a thicker type of plastic film to wrap the paper, but we consider the cardboard boxes we are using are good **enough**.
- Sonia Rallo: I see. Well, I think we can accept your offer for our next order, but considering the inconvenience we were caused, will you give us a **discount**?
- Herta Schnitzer: We are doing our best to solve the problems you had. I can guarantee our next consignment will arrive in perfect **condition**, but I'm afraid discounts have not been considered.
- Sonia Rallo: Right. We will contact you again if we decide to **place** a new order. Thank you for your call Ms Schnitzer.
- Herta Schnitzer: We look forward to hearing **from** you. Bye, then.
- Sonia Rallo: Bye.

Activity 11. Fill in the gaps with the missing word. You can find the words in the previous text.

- a. Could you **deliver** the goods ex-stock?
- b. **Delivery** before August is a firm condition.
- c. All goods received after the agreed **deadline** will be returned.
- d. Please, notice that final **consignment** should not arrive **later** than May 2nd.

Activity 12. Answer the following questions about the text.

- a. Why must goods be insured?

Because there are many ways they can be damaged or lost during their transport.

- b. Is it worthwhile insuring the goods? Why?

It is worthwhile insuring goods because you pay a relatively small amount of money and if the goods are damaged or lost, or you have some other unexpected problems, you can get some compensation for the merchandise.

- c. What do you have to pay in order to get insurance?

You have to pay a premium, that is a percentage of the value of the goods.

- d. Name three documents related to insurance:

insurance application, insurance policy and claim form.

Activity 13. Find words in the previous text that match the following definitions.

- not having something any longer **loss**
- protect **cover**
- something given to compensate **compensation**
- act of obtaining something illegally **theft**
- amount of money paid to obtain insurance **premium**

Activity 14. Complete the following text about the freight insurance with the missing words from the box.

When transporting cargo there are always **risks** involved. **Freight** insurance or cargo insurance is often considered a necessity because it can allow exporters to recover losses if **shipments** are lost, damaged or stolen. The **cost** to insure a consignment is usually less than 1% of the total value of the cargo and freight bill.

If you are using a carrier for the first time always ask how the cargo is to be **transported** (whether it is by motor, rail, marine or inter modal), what the cargo insurance costs, what is covered, what you need to claim, how **claims** are handled and the carriers loss and damage record. Compare several carriers against each other and pick one that suits you. The amount that is available to claim often depends on the **type** of insurance cover purchased. The type of cargo insurance to be purchased can be decided upon by a variety of factors such as: time of year, route, destination port, cargo storage and packing.

Cargo **insurance** can be arranged by a variety of sources whether it be directly with a carrier, insurance broker or a freight **forwarder**. Wherever you purchase your insurance from make sure it **covers** the full journey and not just one part. Some carriers will only insure for the duration they are handling the shipment and not from the pick-up point to the final destination.

Activity 15. Answer the following questions.

a. What is the insurance application used for?

It is used to apply for insurance.

b. What is the most important information it has to provide?

It has to provide all the details about the goods and the commercial transaction, and the risk the insurance has to cover.

c. How much is the amount insured? Why is it bigger than the value of the goods?

It is 110% of the CIF value of the goods, 10% is intended to insure against the loss of expected profit.

(Another possible answer)

The CIF value of the goods plus 10% or 110% of the total amount of the invoice. Because the 10% is intended as insurance against of expected profit

d. Why is it important to state the latest date of issue in an insurance policy?

Because it will not cover risks previous to the date of issue.

Activity 16. Complete the following sentences.

- a. The difference between an insurance application form and an insurance policy is **that the insurance application form is previous to the insurance policy, which is a kind of contract that proves the insurance coverage, and the insurance application form provides all the necessary information to make the insurance policy.**
- b. A company has to file an insurance claim form when **the goods have been damaged or lost and they have to claim compensation.**
- c. The surveyor is the person who **inspects the goods and reports on the cause of the loss or damage, the value of the cargo, and the extent of the damage. The surveyor, then, issues a Certificate of Loss, accompanied by the report of findings.**
- d. In the example above, which are the documents that have to be handed in with the claim form? **The original invoice.**
- e. In the example above, what is the reason for claiming? **Some products have been lost and it has been discovered after delivery.**

Activity 17. Translate the following sentences from English into Spanish.**Suggested answer**

- a. It is warranted and agreed to by the Assured and the Company that in the event of loss or damage becoming recoverable under this Policy, the Company will not be liable for more than its share of the loss or damage at the rate of exchange mentioned in this Policy.

Se garantiza y acuerda por parte del Asegurado y la Compañía que en caso de pérdida o daño recuperable bajo esta Póliza, la Compañía no será responsable de nada más que de su parte de la pérdida o daño al tipo de cambio mencionado en esta póliza.

- b. The exporter must check the insurance policy upon receipt to insure that the claims and the claim agent are properly indicated.

El exportador debe comprobar la póliza de seguros en el momento de recibirla para asegurarse que las reclamaciones y el agente de reclamaciones están debidamente indicados.

Communicative Situation 1**Suggested answer**

S. Bellart
Plaça Estació 43, 08030 Barcelona

Memorandum

To: Richard MacDowell, Manager
From: Lourdes Mira, Export Dept.
Date: 12 February 2008
Subject: STINISLAIKA PETROV ORDER

After studying the several quotations provided by our supplier, Stinislaika Petrov, for an order of 1,000 cases of panty hoses, we have decided that the best option is CIF Barcelona. This quotation is 30,000 euros and we can use the company's vans to transport the goods from the port to our premises.

In the other options, we had to add up the sea freight and insurance from Saint Petersburg to Barcelona, plus the road transport from their premises to the port (EXW) which would amount to 31,800 euros, or just the sea freight and insurance (FOB), which would be 30,800 euros. Additionally, the DDP price provided was 31,000 euros. All this makes the CIF quotation the most convenient for our company.

I will be looking forward to your confirmation to place the order.

LM: bt

Communicative Situation 2**Free answer**

UNIT IV

METHODS OF PAYMENT

Activity 1. Answer the following questions about the previous text.

- Name three problems that can be found in international trade: **mistrust, distance and time.**
- When are you advised to use payment by cheque or bank transfer? **When the company has a good financial reputation.**
- Should the exporter deliver the goods before receiving payment if the method used is cheque or bank transfer and you do not know the company? **No, the cheque or bank transfer must be cleared before shipping the goods because, otherwise, there is no guarantee of payment.**
- What is the difference between open account and consignment trade arrangements? **In open account trade arrangement the importer usually pays the goods by cheque or bank transfer after receiving the goods, whereas in consignment trade arrangements the exporter and the importer agree that the goods must be paid after the importer has sold them, in the meanwhile they belong to the exporter.**
- Who is most benefited in a transaction using Cash In Advance arrangement, the exporter or the importer? **The exporter because he receives the whole payment in cash before dispatching the goods.**

Activity 2. Find in the text synonyms for the following words and expressions. You can see in the brackets the paragraph where each word can be found.

- Clients (¶1) **customers**
- Lack of confidence (¶2) **mistrust**
- Quantity (¶5) **amount**
- Valid (¶5) **genuine**
- Deliver (¶6) **ship**
- Owed (¶6) **due**

Activity 3. Complete the following sentences with the information provided in the text.

- The bill of exchange is used to pay **a certain amount of money for a consignment of goods at sight or at a fixed time.**
- From the importer's point of view, the advantage of the bill of exchange is **that the goods can be negotiated or sold before being paid.**
- In payment by means of a draft the **drawee** pays the **drawer**. The exporter's bank or **remitting** bank's function is to send all the documents to the **collecting** bank, which sends them to the importer.
- In the documents against payment the goods are delivered by the exporter when **the importer has paid the draft.**
- In documents against acceptance the importer has to **accept the draft for a later payment.**

Activity 4. SISTEC S.L. is a distributor of small house appliances located in Castelló de la Plana. They have placed an order of 50 hairdryers for a total value of 1,150 € to ANCWERK Exports Services placed in Baden Baden (Germany). ANCWERK Exports Services have issued a Bill of Exchange drawn on their remitting or confirming bank, Badenbank located at Hauptstrasse 16-18, 77183 Baden Baden, Germany. ANCWERK and SISTEC have already agreed the method of payment will be by Letter of Credit, which was already opened last week by the importer's bank, CAJABANK in Castelló (documentary credit No. FR-10294 of 30 January 2006). Fill in the following Bill of Exchange with the corresponding information.

No. NM-34500

Exchange for1,150 €


4 February 2008_

_____ **At sight** _____ of this first Bill of Exchange (Second Unpaid)

pay to the order of _____ ANCWERK Exports Services _____

the sum of _____ **One thousand, one hundred and fifty Euros** _____

**Drawn under Documentary Credit No. FR-10294 of
CAJABANK, Castellon, Spain, dated 30 January 2006.**

| | | |
|----|--------------------|---|
| To | Badenbank | ANCWERK Exports Services |
| | Hauptstrasse 16-18 | |
| | 77183 Baden Baden, |  |
| | Germany | |

Activity 5. Answer the following questions about the text.

- a. Why is a letter of credit the only method that guarantees payment?
Because the documents the importer needs to collect the goods are not released until payment is satisfied or until a draft is accepted. Moreover, the exporter and the importer's bank can also guarantee payment.
- b. Why is the exporting bank also called confirming bank?
Because it confirms payment in case the importing company does not satisfy it.
- c. What is the difference between an irrevocable and a revocable letter of credit?
The irrevocable letter of credit can neither be modified nor cancelled by any of the parts without the consent of the issuing bank and the beneficiary, whereas a revocable letter of credit does not need any consent to be modified or cancelled.

Activity 6. Read the example of the Letter of Credit and fill in the blanks.

- The sender is **The King Bank**.
- The receiver is **The President Bank**.
- (31C) The date of issue is **7 February 2008**.
- (31D) The period of validity of the document is **two months**.
- (32B-39B) The amount of currency and the maximum credit amount is **25,000 Euros**.
- (40A) The form of documentary credit is **irrevocable**.
- (41D-42C) There are drafts that must be paid **at sight for full invoice value**.
- (42D) Payment has to be settled to **The President Bank**.
- (43P) It is prohibited to **deliver only part of the consignment (partial shipment)**.

- (43T) It is permitted to **change the consignment from one vessel to another one (transshipment).**
- (44A) The port of departure is **Repmon Port in the Export-Country.**
- (44B) The port of destination is **Kingdom Port in the Import-Country.**
- (45A) The consignment consists of **300 sets 'RT4' Brand Screwing Drivers, ½" drive, complete with handle.**
- (45A) The INCOTERM chosen by both parties is **CIF Kingdom Port.**
- (46A) The documents required are **5 copies of the signed commercial invoice, 5 copies of the packing list, a full set of 3/3 clean on board ocean bill of lading and 2 non-negotiable copies, and the insurance policy in duplicate.**
- (47A) There are three additional conditions related to **the Import License number and date of all documents, the number of the L/C and the drawing bank (drawer) and date of this document, and a reference to a legal document, the Uniform Customs and Practice for Documentary Credits, 1993 Revision.**
- (48) The documents have to be presented **within 15 days after the date of shipment.**
- (50) The applicant or importer of the goods is **DEF Imports.**
- (52A) The importer's or issuing bank, also known as the drawer of this document is **the King Bank.**
- (57D) The exporter's or advising bank, also known as the drawee is **The President Bank.**
- (59) The beneficiary, seller or exporter is **UVW Exports.**
- (78) The documents have to be sent to the importer's bank **all together (in one lot) and by courier.**

Activity 7. Match the stages of the process with the corresponding number according to the diagram, which shows how to use a letter of credit in an international transaction.

- (I) can claim the goods by presenting the documents at the collection point **9**
- (IB) checks documents and satisfies payment to (EB) **7**
- (E) submits documents to (EB) **5**
- (I) informs (EB) that the L/C is open **2**
- (E) dispatches goods to (I) **4**

- (I) requests to open an L/C in favour of (E) 1
- (EB) checks documents and sends them to (IB) 6
- (EB) informs E that the L/C has been opened by (I) 3
- (IB) sends documents to (I) 8

Activity 8. Listen to the following dialogue. Then in a second listening complete the parts that are missing. A third listening will give you the opportunity to check if it is right.

Mr. Jacques Hangu: Good morning. My name is Jacques Hangu, from Transylvania Furniture in Bucarest. I would like to speak with Mr. Pérez.

Receptionist: **Yes, Mr. Hangu. Mr Pérez is waiting for you. Could you please follow me?**

Mr. Manuel Pérez: Hello, Mr Hangu. How are you? Did you have a nice trip?

Mr. Jacques Hangu: Well, actually it was not as good as I had expected. The flight was delayed, and when I arrived at the hotel, they had not kept my reservation and I had to look for another hotel. The problem was that it was past midnight.

Mr. Manuel Pérez: **I'm sorry to hear that.** If there is anything we can do for you.

Mr. Jacques Hangu: No, thank you. This is my last meeting here, and **I'm leaving for Paris as soon as we finish.**

Mr. Manuel Pérez: Let's get down to work, then. How can I help you?

Mr. Jacques Hangu: As you may remember, **we talked on the phone about the possibility of placing an order for 450 beds** for one of our hotels which we are at present refurbishing. We agreed that **I would come and decide on the model and also on the terms of payment.**

Mr. Manuel Pérez: Yes, that's right. I can show you our models immediately.

Mr. Jacques Hangu: Could I suggest discussing first the terms of payment?

Mr. Manuel Pérez: Yes, of course. What do you propose?

Mr. Jacques Hangu: We usually deal with a lot of manufacturing companies all over the world, and as you can imagine **we are interested in making the best possible deals.**

Banks charge high commissions for complicated transactions and we try to avoid them.

Mr. Manuel Pérez: Go ahead, please.

Mr. Jacques Hangu: We would be willing to place our order and possibly further orders in the future, **if you accept an open account arrangement.**

Mr. Manuel Pérez: But, Mr Hangu, I think we can both agree this is quite unusual for a new international transaction. **Our usual method of payment in these occasions is Documentary Credit.**

Mr. Jacques Hangu: Yes, I see your point. I can provide you with all the information you require about other suppliers we are working with, so that **you can check with them our credit conditions.** We have never had any problem. We are a large prestigious company, you can believe that.

Mr. Manuel Pérez: Well, Mr Hangu. Let me think about it. In the meanwhile, **you can send us information about your suppliers** and we will contact them. Can I give you a reply in, let's say, one week?

Mr. Jacques Hangu: Yes, that'll be fine. **I'll ask my secretary to send you the information.** Can we see now your models?

Mr. Manuel Pérez: Yes, of course. Let's go this way....

Activity 9. Match the definition with the correct document from those presented in the previous text.

- Document issued to request the buyer to pay for the goods. **Commercial Invoice**
- Document that certifies that goods come from a determined geographic area. **Certificate of Origin**

- c. Document that certifies that goods have been placed on a certain means of transport. **Bill of Lading/ Waybill/ Consignment note/ Receipt (courier or postal delivery)**
- d. Document that describes precisely all the goods in a consignment. **Packing List**

Activity 10. Translate the following sentences from Spanish into English.

Suggested answer

- a. Según lo acordado, el pago se efectuará en 60 días por letra de cambio, documentos contra aceptación, y todos los documentos deberán remitirse a nuestro banco en Barcelona.

As agreed, payment must be satisfied in 60 days, by Bill of Exchange, documents against acceptance, and all documents must be submitted to our bank in Barcelona.

- b. Hemos decidido aceptar su propuesta y el pago se realizará mediante una Carta de Crédito irrevocable.

We have decided to accept your proposal and payment will be settled by means of an irrevocable Letter of Credit.

- c. Lamentamos informarle que no podemos aceptar el pago por transferencia bancaria ya que es nuestra primera transacción comercial con ustedes. Sugerimos pago por adelantado o carta de crédito.

We regret to inform you that we cannot accept payment by bank transfer since this is our first trade transaction with you. We suggest cash in advance or letter of credit.

- d. En un Crédito Documentario habitualmente el banco emisor es el banco del importador y el banco del exportador actúa en muchas ocasiones como banco confirmador.

In a Documentary Credit the issuing bank is usually the importer's bank and the exporter's bank acts very often as a confirming bank.

Communicative Situation 1

Free answer

Communicative Situation 2

Free answer

UNIT V

PLACING ORDERS

Activity 1. Answer the following questions according to the previous information.

a. In how many ways can you place an order?

You can place an order by phone, e-mail, fax, traditional mail or the Internet.

b. Are faxes and electronic mail two usual means of communication used to place orders internationally?

Yes, they are. Both systems are usual means of communication when placing orders internationally.

c. Who should complete and sign the order form?

The buyer. He is who should complete and sign the official order form.

d. Is the Internet used to place orders?

Yes, it is. The Internet is becoming a fairly usual system to place orders.

Activity 2. Match synonyms from the two columns.

| | | | |
|------|------|------|------|
| a. 7 | c. 4 | e. 5 | g. 1 |
| b. 8 | d. 3 | f. 6 | h. 2 |

Activity 3. Discussion activity. Consider the problem and figure out a possible solution. Solve the following situation in small groups.

Suggested answer

Once your boss gets to know what has happened, you will probably be fired. So, just to be on the safe side, keep in mind that a written record of all transactions is not only convenient but also basic. Thus, all the orders imply having a written covering letter accompanying an official order form: these are the only legal documents to prove that the transaction is to be completed.

Activity 4. In order to observe how orders are placed on the phone, listen to the following conversation between a buyer and a seller, and then try to answer the questions. Notice that we are listening to an international telephone call.

Note: To analyse the answers, and after listening to the text as many times as necessary, read the transcript that appears on the following page.

1. What is the name of the man who is telephoning?

His name is Simon Bridges.

2. What company is he working for?

He is working for X-Cell Megastores.

3. What does he want?

He wants to buy 500 copies of John Cow's new album, 1500 units of John Cow's concert in Salt Lake City and 100 copies of The Big Fat Band's new album from Nightmare Records.

4. What is his telephone number?

His telephone number is 155 67 93.

5. Who is the sales manager at Nightmare Records?

Her name is Jennifer Rowlands.

6. Where is Nightmare Records based?

It is based in New York (USA).

7. Why can't Simon Bridges talk to Jennifer Rowlands?

Because she is out for lunch.

8. When is she supposed to call him back?

She will call him back within the next hour.

9. Are they both British companies?

No, one of them is North American and the other one is British.

10. Did he finally get everything he wanted? Why? Why not?

No, he didn't, as he could not buy Tim Robson's new CD, which would not be released until November.

TRANSCRIPT

Switchboard operator: Nightmare Records, good afternoon.

Simon Bridges: Good afternoon. My name is Simon Bridges, from X-Call Megastores, and I would like to speak to someone about buying some records.

Switchboard operator: I'll put you through to our Sales Department. Hold the line, please.

Simon Bridges: Thank you.

[time lapse]

Switchboard operator: The line's engaged. Will you hold for a moment?

Simon Bridges: Yes, I'll hold on.

[time lapse]

Switchboard operator: Hello caller!

Simon Bridges: Yes, I'm here!

Switchboard operator: The number's ringing for you now.

Simon Bridges: Thanks.

[time lapse / telephone rings]

Sales assistant: Sales, can I help you?

Simon Bridges: Yes, I think so. My name is Simon Bridges and I'm calling to place an order.

Sales assistant: Oh, I see. What's your company's name?

Simon Bridges: I'm working for X-Cell Megastores, and we have a number of retail outlets in England. We want to buy several records in order to sell them in our stores.

- Sales assistant: Fine. What do you want us to send you?
- Simon Bridges: Well, we are interested in buying 500 copies of John Cow's new album, as well as 1500 DVDs of his recent concert in Salt Lake City, as you advertised on page 23 of your latest catalogue.
- Sales assistant: Right...
- Simon Bridges: And we also want the new CD that Tim Robson is going to release this coming month...
- Sales assistant: Sorry sir, but Tim Robson's new CD won't be published until November. The release data has been postponed.
- Simon Bridges: Oh, I see. What about The Big Fat Band's new album? Can I get 100 copies?
- Sales assistant: Sure. We have them in stock, as well as John Cow's albums and DVDs.
- Simon Bridges: That's great, because we will need the products delivered in a couple of weeks.
- Sales assistant: Where should we send them?
- Simon Bridges: Well, our address is 35 Elm Street, in London, but we will send you a fax with all the relevant information regarding delivery and terms of payment.
- Sales assistant: It would be great if you could send me the fax right away, because I would like to confirm shipment as soon as possible, and we need to talk to our regular forwarders to send the products from New York to London.
- Simon Bridges: Don't worry. I have your fax number and I will send it to you in a minute. By the way, is there any quantity discount available for this type of orders?
- Sales assistant: I don't really know, sir. You'd better talk about it to Jennifer Rowlands, our Sales Manager. She's out for lunch, but she will be back within an hour. Can she ring you back?

| | |
|------------------|---|
| Simon Bridges: | Yes, please. That would be great. |
| Sales assistant: | May I have your phone number? |
| Simon Bridges: | 155 67 93 |
| Sales assistant: | 155 67 93. I'll pass this information to Mrs. Rowlands, and she will call you within the next hour. |
| Simon Bridges: | Thanks a lot. I'll send you the fax with a copy of our order form straight away. |
| Sales assistant: | Thank you for your call. |
| Simon Bridges: | Goodbye. |
| Sales assistant: | Bye. |

Activity 5. Translate into Spanish the following expressions taken from the sample letter.

| | |
|-----------------------------|---|
| a. trade discount | descuento comercial |
| b. terms of payment | términos de pago/condiciones de pago |
| c. sight draft | giro a la vista/letra de cambio a la vista |
| d. to wrap a product | envolver un producto |
| e. thick grease-proof paper | papel grueso a prueba de grasa |
| f. to pack in wooden crates | empaquetar/embalar en contenedores de madera |

Activity 6. Place the correct word or phrase in each blank.

- Please confirm that you can **complete** the order before the end of November, as we need the goods in time for the Christmas rush.
- Could you please send the products **by air**, in order to avoid any delay? If you could do so, we would be very **grateful**.
- As agreed you will send the **documents** to our bank.
- Enclosed you will find our official **order form**, in which we ask for 700 sweaters, in assorted colours and sizes. Please let us know if you have all the items **in stock**. We need them **before** 15 September.

Activity 7. Fill in the gaps in the following covering letter.

JUGUETERIA EL PILAR

c/Zaragoza 145 Valencia 46011

Teléfono 965555465 Fax 96555456

Mr. M. Jordache
Sales Manager
Jordache Toys Ltd.
19, Regent's Road
Hurdington
Essex, HU8 2WQ
England

Your ref.: MJ/ug/0647

Our ref.: **Order form No. HP 4589 (1)**

10 November 2008

Dear Mr. **Jordache (2)**,

Your letter of 30 October convinced me to **place (3)** at least a trial order for some of your toys. Enclosed you will find our official order form No. HP 4589 for assorted toys.

We have decided to accept the 10 % trade **discount (4)** that you offered, as well as the terms of **payment (5)** that you suggested (documents against payment), but we would like these terms reviewed in the near future. We will send the shipping **documents (6)** and sight draft to NatWest Bank (38, Dean Road, Hurdington).

We would appreciate delivery **within (7)** the next 3 weeks, as we need the items for Christmas. Please send them perfectly wrapped in water-proof paper, and then packed in wooden or iron crates.

We look **forward (8)** to receiving your confirmation.

Yours **sincerely (9)**,

Enrique Martí

Enrique Martí
Chief Buyer

Enc.: **Official Order Form No. HP 4589 (10)**

Activity 8. Place the correct word or phrase in each blank.

1. Send me 20 copies of the new Stephen King's novel **as soon as possible**, as we agreed in today's **telephone conversation**.
2. This is a fax including all the **relevant** details that we have already agreed this morning. In any case, an **official order form** will reach you by regular mail in a few days.
3. Please send me the **goods** by air, in order to **speed up** all the delivery process.
4. Next week you will receive our official order form, in which we **ask for** 800 computers. Please confirm if all the items are **available**.

Activity 9. Place the exact word or phrase in each blank.

1. Please confirm that the order has been **shipped** in a scheduled freighter.
2. The **consignment** should reach you in perfect **conditions**. Otherwise, you can return it immediately.
3. We have started **making up** the order and we can tell you that it will be **ready** in two weeks' time.
4. We look **forward** to getting your next order.
5. All the products are **in stock**, so we can send them to you on the due **date**.

Activity 10. Are these statements true (T) or false (F)? If false, justify your answer.

- a. Not many companies allow their customers to place orders on their website.
False. Most companies use this technology to allow their customers to place orders on their website 24 hours a day.
- b. Different time zones do not affect international trade.
False. There are many problems for international transactions due to the different time zones.
- c. You should browse through a virtual store before ordering the product.
True.
- d. Submitting the order is a fairly complicated process.
False. It is simple, as you just have to click the appropriate button.

e. Shipping methods are always the same when buying products on-line.

False. There is a wide variety of options regarding shipping methods.

Activity 11. Translate the following sentences from English into Spanish.

Suggested answer

1. If you feel uncomfortable sending your personal information over the internet, you may always place an order by calling 1.800.359.6542.

Si no se siente cómodo enviando sus datos personales por Internet, siempre puede realizar su pedido llamando al 1.800.359.6542.

2. Information related to our products is located on each page of our electronic store.

Hay información relacionada con nuestros productos en cada página de nuestra tienda electrónica (virtual).

3. When you find an item that interests you, click the name of the item to see its product information page.

Cuando encuentre un artículo que sea de su interés pulse su nombre para ver la página de información del producto.

4. We cannot accept orders by phone, fax or e-mail. All orders must be placed online.

No podemos aceptar pedidos por teléfono, fax o correo electrónico. Todos los pedidos deben ser realizados en línea (por Internet).

5. Keep in mind that the e-mail address you provide here will be the only e-mail address to which we can send information about additional orders.

Recuerde que la dirección electrónica que introduzca aquí será la única a la que podemos enviar información sobre pedidos adicionales.

6. We ask everyone who is using the new BetaPlus Online for the first time to create a new account. This is fast, easy and safe.

Solicitamos a todas las personas que utilizan el nuevo sistema BetaPlus Online por primera vez que creen una nueva cuenta. Esto es rápido, fácil y seguro.

7. Let us know how you would like to pay for your order. We accept a wide range of credit cards.

Háganos saber cómo le gustaría abonar su pedido. Aceptamos una amplia variedad de tarjetas de crédito.

8. If you are paying by credit card, enter the number without spaces or dashes.

Si va a pagar con una tarjeta de crédito, introduzca su número sin espacios en blanco o guiones.

Communicative Situation 1

Work with a partner in order to solve this common situation.

Free answer

Communicative Situation 2

Work with a partner in order to solve this common situation.

Free answer

UNIT VI

COMPLAINTS IN THE BUSINESS WORLD

Activity 1. Answer the following questions according to the previous information.

1. About the problems appearing in international business transactions, do they all affect the same party?

No, they may affect both parties, the importer and the exporter.

2. Which are the most usual means to solve problems in foreign trade?

In foreign trade, problems are mainly solved by means of telephone calls or written documents, such as letters, faxes or e-mails.

3. What is the other way of referring to the replies to complaint letters? And the other names for collection letters?

Replies to complaint letters are also called “adjustment letters” and collection letters are also known as “reminder letters” or “reminders”.

4. Which is the main aspect to consider when asking for the solution of any type of problem?

Politeness is the main feature of any requirement to solve a problem. / The necessity of being polite.

Activity 2. Find out words in the previous text which match with the following definitions.

- a. The objective or aim for which something is done or made is called the **purpose**.
- b. **Compensation** refers usually to money that someone who has experienced loss, suffering or any other type of problem claims from the company or businessperson responsible.
- c. **Permanence** is the state or fact of lasting for ever.
- d. **Poise** is a human characteristic meaning calmness, dignity and self-control.

- e. The expression **regardless of** is used to explain that something is not affected or influenced at all by another thing; in other words, that something does not take into consideration something else.
- f. A product or any thing incorrect, wrong, usually not expected the way it is called **mistaken**.
- g. **Defective/Malfunctioning** means that there is something wrong with a product and it does not work properly.
- h. **Delayed** is used when something arrives later than expected.

Notes/Teacher & Student's help - Some vocabulary solutions:

- Stoneware glazed floor tile, buff body = Pavimento de gres esmaltado, pasta roja
- Stoneware glazed floor tile, white body = Pavimento de gres esmaltado, pasta blanca
- Basic squared tile = Pieza base rectangular o cuadrada (20X20, 33X33, 41X41 --- buff body) (31,6X31,6, 35X35, 45X45 --- white body)

Activity 3. Match the following sentences with the list of stages to be included in a letter of complaint.

- | | | | | |
|------|--------|------|--------|--------|
| a. 4 | b. 1/2 | c. 4 | d. 2/3 | e. 3 |
| f. 1 | g. 2/3 | h. 5 | i. 3/5 | j. 1/2 |

Activity 4. Fill in the gaps of the following *Letter of Complaint*.

Nybrogatan 41 SE-103 76
 Stockholm
 P.O. Box 7432 Sweden
 Tel: (+46) 8 665 61 00
 Fax: (+46) 8 667 84 00
 e-mail: comfy.gen@comfyhotels.se
www.comfyhotels.se

COMFY HOTELS

FAX

To: Ms. Susana Ramos,
 Export Sales Manager
 TONMOBLE, S.A.

From: Ms. Liv Holmström,
 Purchasing Manager

Ctra. N340, Km. 34
12500 Vinaròs, Castelló, Spain

Fax: +34 964 452 000

Pages: 1 (1 of 1)

Phone: +34 964 452 081

Date: 13 October 2008

cc:

Re: MISSING ITEMS IN ORDER FORM 45 / B600 FOR 600 BEDROOM
SUITES, MODEL INFINITUM

Urgent For Review Please Comment Please Reply Please Recycle

Text/Comments

Dear Ms. Ramos (1),

We **are** (2) very sorry to let you know that the 20 bedroom suites, model Infitum, you sent us last month (order **45 / B600** (3)) have the headpieces and the drawers of the bedside tables and the chests missing. We can only assume that there must **have** (4) been some confusion in the packing procedures.

Please, remember that we open our new hotel **on** (5) 10 November so we need to have all furniture **items** (6) in their place for that date. For this reason, we would be very grateful if you could send immediately the missing parts **of** (7) these bedroom suites without **further/any** (8) delay.

Please **let** (9) us know when this furniture will arrive.

We look forward to **hearing** (10) from you at your **earliest** (11) possible convenience.

Yours sincerely (12),





Liv Holmström
Purchasing Manager


Activity 5. Match the following sentences with the list of stages to be included in a letter of adjustment.


| | | | | |
|--------|--------|------|------|--------|
| a. 2/3 | b. 4 | c. 3 | d. 2 | e. 3 |
| f. 1 | g. 2/3 | h. 4 | i. 5 | j. 1/2 |


Activity 6. Fill in the gaps of the following *Letter of Adjustment*.



SEND


CUT


COPY


PASTE


UNDO


ATTACH

To: Liv Holmström <liv_gen@confyhotels.se >

From: Susana Ramos <S_Ramos@tonmoble.es

Subject: MISSING ITEMS IN ORDER FORM 45 / B600 FOR 600 BEDROOM SUITES

CC:

BCC:

Attachment:

Arial ▼ 10 ▼ N K S

Dear **Ms. Holmström** (1),

Thank you for your fax of **13 October** (2) concerning some missing furniture items of **order** (3) no. 45 / B600.

I personally **looked into** (4) the matter and it appears to be a forwarding agent's problem as they forgot to unload the missing parts from the lorry when it arrived in Sweden. We will revise the loading system of our Despatch **Department** (5) and we can **assure** (6) you similar things will not happen again.

We are **deeply/very/awfully** (7) sorry for the inconvenience caused and are therefore arranging everything to send you the **consignment** (8) first thing in the morning on Monday 17th October. We expect it to arrive by the end of the week (20-21 October), so we hope it is early enough for you to get things prepared for your hotel inauguration.

Apart from apologising again we wish to assure you that we shall give you no more grounds for complaint.

We look **forward** (9) to hearing of the arrival of the missing items and to **doing** (10) further business with you.

Yours sincerely (11),

S Ramos

Susana Ramos
Export Sales Manager

Activity 7. Translate the following extracts into English.

Suggested answer

1. Lamentamos tener que comunicarles que no podemos servir su pedido nº 625 del 30 de agosto por causas ajenas a nuestra voluntad.

We regret to inform you that we are not able to despatch your order No. 625 of 30th August for causes beyond our control.

2. Al inspeccionar las cajas de madera descubrimos que una de las 60 (nº 58) contenía el juego Screaming 100 y no el Screaming 200. Puedo entender simplemente que esta caja pertenecía a otro pedido y que se nos ha enviado por error.

On inspection, it was discovered that one of the sixty cases (number 58) contained the game Screaming 100 and not the Screaming 200. I can only assume that this case was intended for another order and has been sent to us by mistake.

3. Ya hemos enviado los productos que sustituyan los contenidos de la caja de madera número 6 y ordenado a nuestro representante en Suecia que recoja lo más pronto posible los productos enviados de forma incorrecta.

We have already dispatched replacements for the contents of case number 6 and instructed our representative in Sweden to collect the wrongly-delivered goods as soon as possible.

4. Necesitamos recibir urgentemente la mercancía, dado que una mayor demora nos ocasionaría lamentables inconvenientes con nuestros clientes. Por ello, le rogamos nos envíen las cajas lo antes posible, de lo contrario nos veremos obligados a anular el pedido y recurrir a otros proveedores.

We urgently need the goods as/since/because a further delay would cause us unpleasant difficulties with our customers. We please ask you to ship/

dispatch the consignment/goods/merchandise as soon as possible, otherwise we will have to cancel our order and contact/look for other suppliers.

5. Hemos estudiado el asunto y hemos descubierto que hubo una confusión en el departamento de envíos: se ha producido un intercambio de direcciones y han recibido la mercancía de otro cliente.

We have looked into the matter and have discovered that there was a confusion in the Dispatch Department: there was an exchange of addresses and you have received the goods of another client.

6. Los ordenadores han llegado con dos semanas de retraso y dos de ellos han resultado defectuosos.

The computers/PCs have arrived with two weeks' delay/two weeks late and two of them are defective.

Activity 8. Answer the following questions according to the previous information.

1. Which are the usual problems from the exporter's point of view?

From the exporter's point of view, the main problem is that the buyer or importer has not settled payment on time or has an outstanding payment.

2. What is the purpose of "collection or reminder letters"?

The purpose is to collect money (past-due accounts, debts) from people (usually buyers or importers).

3. Do all the different collection letters have the same tone?

No, they don't. Each letter is slightly more strongly worded than the previous one; that is to say, the tone is increasingly stronger and becoming more serious and threatening as we write several letters.

4. Which are the three main aspects to bear in mind when writing reminders?

Its brevity and accuracy; the tone; to include the amount owed, and if needed, the reader's account number.

Activity 9. Your name is Dana Carvey, and you work for Smithereens. Dave Rafferty, from Samana Inc. is phoning you, complaining about a cheque that was not received. Complete the note.

Note: To analyse the answers, and after listening to the text as many times as necessary, read the transcript that appears on the following page.

Smithereens

Message from *Dave Rafferty, from Samana Inc.*

Taken by *Dana Carvey*

Message:

- Enquiry
- Order
- Complaint
- Other _____

Explain the purpose of the call:

Samana Inc. should have received a cheque from us (22,600 US dollars), but they haven't received it yet

Explain the action taken:

I checked all the data in the computer, and the cheque was sent last week. The accounts department confirmed that the cheque was sent. If it does not arrive there by next Monday, we will send a duplicate.

Contact telephone/fax number:

62-133184788

TRANSCRIPT

Dana Carvey: Smithereens, good morning. How can I help you?

Dave Rafferty: Good morning. My name is Dave Rafferty, from Samana Inc. and I would like to speak to Harry Martin.

Dana Carvey: I am afraid Mr Martin is off sick. He won't be here this week. Can you please let me know the purpose of your call? I'll do my best to offer you any assistance...

Dave Rafferty: Well. I'm phoning because we have had a problem with your company. You should have sent us a cheque for 22,600 dollars, but we haven't received it yet, and that's why I wanted to speak with Mr Martin...

Dana Carvey: Please let me check what has happened with that cheque. Can you please let me have the name of your company again?

Dave Rafferty: Yes, of course. It is Samana.

Dana Carvey: Samana. Ummmmm. [checking data in the computer] Yeah. Here it is. Samana Inc. You sent us your invoice number 15439 on 2nd February.

Dave Rafferty: Right.

Dana Carvey: If the data are right, your cheque was prepared and sent last week, but I will ask our accounts department. Will you hold for a moment?

Dave Rafferty: Of course! I'll hold on.

[time lapse]

Dana Carvey: Mr Rafferty, are you there?

Dave Rafferty: Yes, here I am!

Dana Carvey: Well, the accounts department has confirmed that the cheque was mailed last week; in any case, if you don't receive the cheque by next Monday, please send us an e-mail and we will duplicate it.

Dave Rafferty: Can you please let me have your email address?

Dana Carvey: Of course. It is davonsmithereens@smithereens.ac.uk.

Dave Rafferty: Thanks. If you don't mind, can you also send me a copy of the original invoice and a printout indicating the day when the cheque was sent to me?

Dana Carvey: Sure we can. Can you give me your fax number?

Dave Rafferty: It's 62-133184788.

Dana Carvey: Great. I'll fax both documents right away. Anything else?

Dave Rafferty: No, thank you. I look forward to receiving your fax.

Dana Carvey: As I said, I'll fax it immediately.

Dave Rafferty: Thanks. Have a good day.

Dana Carvey: Bye.

Activity 10. Find out words in the previous three examples of reminders which match with the following definitions.

1st reminder

- A list of amounts paid and owed sent from a seller to a buyer is called **statement** (of account).
- We use the expression **past due** (or just the second word) when we refer to the fact that some money is owed to someone (either as debt or because they have a right to it) and it is already late.

2nd reminder

- **Settle** or **Clear** the account means to pay what is owed so that the transaction (the business) is completed.
- When there is an amount of money still owed or unpaid (after some has been paid), we call it **outstanding balance**.

Final reminder

- When referring to sums of money which have not been paid, even though it is later than the date on which they should have been paid, we say that amount is **overdue**.
- **Compel** to means to force someone to do something.
- **Credit standing** also called financial reputation, is the amount of money a company or person is allowed to have in order to pay for goods or services.

Activity 11. Read the following statements and indicate in which reminder (first, second or final) can be found. Some of them can be found in several reminders.

1. By the time you receive this letter, two payments will be due on your account.
SECOND/FIRST
2. Four weeks ago we reminded you of the outstanding balance in our favour of €67,000. To the best of our knowledge, the account has not yet been settled.
SECOND

3. Here is a reminder that your account of €50,000 was overdue as of December 20, 2004. **FIRST**
4. If payment is not received by October 10, we will have no alternative but to turn your account over to a lawyer for collection. **FINAL**
5. If the amount has already been paid, please disregard this notice. **FIRST/SECOND/FINAL**
6. If we do not receive immediate payment (by 21 November) our lawyer will proceed to take the necessary legal actions. **FINAL**
7. May we remind you that your payment has been overdue since 5 June last? **FIRST**
8. Please give the matter your immediate attention and let us have your payment by 5 March. **SECOND/FINAL**
9. We have asked you repeatedly to settle your account for €23,568. Unfortunately, we have received neither a reply from you nor has the account been settled. **FINAL**
10. We have previously sent four notices advising you of your delinquent status. **FINAL**
11. Your payment of €34,000 pursuant to our invoice dated on 20 February, has not arrived by the date required. We are sure that this is an oversight and ask you to please send it today in the enclosed self-addressed envelope. **FIRST**

Communicative Situation 1

Free answer

Communicative Situation 2

Free answer

ENGLISH COMMUNICATION FOR INTERNATIONAL BUSINESS II is the second book of a collection of two addressed to those students involved in learning English to communicate in business contexts. As the previous one, the book is conceived as self-learning material which includes the keys to most activities although the support of the instructor in the classroom becomes necessary for some of them. This book is content-based, trying to emphasise the written and oral communicative necessities of the international business world.

The book is organised in six units which deal with some types of business written and oral communication, such as meetings and negotiations, international trade procedures related to Incoterms, packing, delivery and insurance, methods of payment and their corresponding documents, orders, and complaints. All units deal with reading, writing, and listening skills, as well as translation. The CD provided with the book is highly useful for the listening activities. Speaking and interaction can also be worked in all units although always with the teacher's guidance.

Each unit starts with a general explanation of the topic, followed by reading comprehension and vocabulary activities. Along the unit, several specific explanations can be found including examples of the documents and of the written and spoken communicative events involved. Students are then required to produce their own documents and effective pieces of communication. At the end of each unit, two communicative situations have been included, asking students to solve a business problem. After the situations, each unit is provided with references for further reading either in books or in websites.

As a complement to the units in both volumes, a series of seventeen case studies have been created. These case studies reproduce real situations in a company, such as launching a new product, hiring a new employee, strategies to sell a product, reacting to claims, negotiating staff reduction, etc.

Inmaculada Fortanet Gómez, Miguel F. Ruiz Garrido and Juan C. Palmer Silveira have a PhD in English Philology and are teaching English Language and English for Business Communication at Universitat Jaume I. They belong to the research group GRAPE (*Group for Research on Academic and Professional English*). Their research interests are devoted to English for Specific Purposes, especially in Business, and English for Academic Purposes, in oral and written discourses.

ISBN 978-84-8021-640-1



9 788480 216401