International Merchandise Trade Practices and Procedures

Credits: 3
Professor: Wen JIA, PhD of economics, and assistant professor at the School of Economic, Sichuan University
Meeting Time: totally 12-week from September to early December, and 3 periods in each week (45 min/period)
Location: Overseas student classroom, International Student Dormitory on Wangjiang Campus
Phone Number: +86-13308223812
E-Mail: jiawen1128@yahoo.com

◆ Course Description

Despite the diversity in the forms of international trade, the export and import of visible goods are still an essential and indispensable part of global business transactions, one that has been directly and indirectly creating jobs around the world. Among the job opportunities directly generated by international merchandise trade is the demand for business professionals specialized in the negotiation and implementation of export and import contracts.

Taking the stand of trade participants, and focusing on export and import contracts, this course divides the contract clauses into different categories, analyses each category from a business perspective, and illustrates in detail the procedures and techniques of negotiating and implementing such contracts. It is aimed at enabling learners to clearly understand the basic framework of international merchandise trade contracts, to legally and reasonably maximize commercial benefits and minimize business risks, to efficiently negotiate a contract with trading partners and to smoothly implement it afterwards.

With the above-mention content, the course is mainly designed to prepare oversea undergraduate and postgraduate students for their future access to job opportunities in the business world. And given the fact that most oversea students here are highly likely to be involved in trade with Chineses business partners, the teaching of the course will strive to achieve a balance between universality and uniqueness of trade practices, with a heavy emphasis laid on business customs, regulations and culture in china’s export and import trade.

Key issues of the course include:
★ Asymmetry of information
★ Human nature and contract negotiation
★ Specification of quality in the sales contract
★ INCOTERMS
★ Shipment clause in the sales contract
★ Bill of lading (B/L)
★ Coverage of marine cargo insurance under China Insurance Clauses (CIC)
★ Coverage of marine cargo insurance under London Institute Cargo Clauses (ICC)
★ Documents against payment (D/P)
Letter of credit (L/C)
Payment clause in the sales contract
Clauses of inspection, claim, force majeure and arbitration in the sales contract
Inquiry, offer, counter-offer and acceptance
Implementation of international merchandise trade contract from the perspective of an exporter
Implementation of international merchandise trade contract from the perspective of an importer

Textbook

References

Course Requirement
Attendance is mandatory and punctuality is important. Two excusable absences are acceptable. Starting from the 3rd time, 1 point will be deducted from the total points for each additional absence.
No make-up exam will be granted without prior permission of the professor.

Assignment
For the purpose of enabling students to better master the knowledge and skills taught in class, students are required to do some exercises afterwards. Besides exercises, case analysis plays a crucial role in this course, and a diverse and flexible use of cases is vital to the teaching and learning of the course. Some cases will be discussed in class, where students are required to answer questions raised by the teacher. However, in-depth questions will often be left for their consideration after class, and they are required to offer answers next time. There are also many cases that are mainly or entirely left for student to analyze after class. For these cases, students are required to actively participate in discussions and interactions with the teacher in next week’s class. Regardless of the form of exercises or cases, timely submission of answers, active participation in discussions, and willness in offering creatives ideas are highly valued when rating the students.

Exam
One exam for this course will be given in the last class of the semester. The exam is basically on the subject matters introduced in the course.
◆ Grading

Routine performance: 10%
Exercises and case discussions: 40%
Exam: 50%

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CHAPTER I
★ General Introduction
- What is international merchandise trade
- Basic ideas for engagement in international merchandise trade
- Understanding the framework of the course

CHAPTER II
★ Terms of Commodity Description
- Name of commodity
- Specifying quality
- Measuring quantity
- Packing and marking

CHAPTER III
★ Trade terms and the Price Negotiation
Introduce the country differences from the following aspects:
- Three sets of rules for international trade terms
- FOB, CFR, and CIF—Understanding the most popular trade terms
- Price conversion for FOB, CFR and CIF
- Other trade terms in INCOTERMS
- Price clause in the sales contract

CHAPTER IV
★ Cargo Transportation
- Main patterns of international cargo transportation
- Ocean Transportation
- Bill of Lading
- A brief introduction to other transportation patterns

CHAPTER V
★ Cargo Transportation Insurance
- Fundamental principles of cargo insurance
✓ Marine risks and losses
✓ Coverage of marine cargo insurance under *China Insurance Clauses* (CIC)
✓ Coverage of marine cargo insurance under *London Institute Cargo Clauses* (ICC)
✓ Insurance clause in the sales contract

**CHAPTER VI**

★ **International Payments**
✓ Main payment instruments in international merchandise trade
✓ Remittance and collection
✓ Letter of credit
✓ Payment clause in the sales contract

**CHAPTER VII**

★ **Inspection, Claim, Force Majeure and Arbitration**
✓ Commodity Inspection
✓ Disputes and claims
✓ Force Majeure
✓ Arbitrations

**CHAPTER VIII**

★ **Steps of Contract Negotiation**
✓ Inquiry, offer, counter-offer and acceptance
✓ Drafting and signing of a written contract

**CHAPTER IX**

★ **Steps of Contract Implementation**
✓ Implementation of the sales contract by the exporter
✓ Export Documentation
✓ Implementation of the sales contract by the importer