

DIKTAT BAHAN PENGAJARAN MATA KULIAH
DISCOURSE OF BUSINESS



Disusun oleh:

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PRODI PENDIDIKAN BAHASA INGGRIS
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1 | Business letter writing

Letter-writing is an essential part of business. In spite of telephone, telex and telegraphic communication the writing of letters continues; in fact most telephoned and telegraphed communications have to be confirmed in writing.

The letter is often evidence of an arrangement or a contract, and must therefore be written with care; even the shortest and most usual of letters may have this importance. The need for thought in writing is clear when you realise that in speaking—either face-to-face or by telephone—the reaction to the spoken word can be seen or heard immediately, but reaction to a letter is not known until the answer is received.

When you have written a letter, read it through carefully; see that you have put in everything you intended; and have expressed it well; read it again, trying to put yourself in the place of the receiver, to find out what impression your letter will make.

It is obvious that what has been said in the previous paragraph becomes even more important when you write a letter in a foreign language. Unless you know that particular language very well you are certain to translate some phrases from your own language literally; these phrases may then convey quite a different meaning from that intended. It is in any case impossible to translate all business phrases literally as each language has its own characteristic idiom. With this in mind we have given as large a selection as possible of English phrases in general use.

A question frequently asked is: 'How long should a good letter be?' The answer is: 'As long as is necessary to say what has to be said.' The manner of interpreting this varies, of course, with the writer, and also very greatly with the nationality of the writer.

Because the aim of the letter is to secure the interest of the reader, and his co-operation, the letter should begin with sentences that will introduce the matter without undue delay, and polite forms to help the introduction must not be too long. The letter should continue with the subject itself and all the necessary information or arguments connected with it, but the wording must carry the reader along smoothly; jerky, over-short or disjointed sentences spoil the impression. The letter should have a suitable ending—one that is not long but makes the reader feel that his point of view is being considered. This is especially necessary when sellers are writing to buyers.

Waste of time in subsequent letters should be avoided by giving all the information likely to be required, unless the writer purposely refrains from going into too much detail until he knows the reaction of his correspondent.

A good vocabulary is necessary, both in your own and foreign languages; repetition should be avoided as much as possible, except where the exact meaning does not allow any change of word.

Everyone has a characteristic way of writing, but it must be remembered that the subject of the routine business letter lacks variety and certain accepted phrases are in general use. This is of great help to the foreigner, who can rely on them to compose a letter that will be understood. Let us say, perhaps, that a routine business letter is like a train, running on a railway track, whereas other letters are like cars that must, of course, keep to the road but are otherwise given greater freedom of movement than a train.

This greater 'freedom of movement' applies also to business correspondence dealing with matters of policy, special offers, negotiations, reports and customers' complaints, all of which are matters that demand individual treatment. Here the correspondent must not only make his meaning clear but also try to create in the reader's imagination a true impression of his attitude. This is by no means so difficult as it may seem if the writer will remember that simplicity of word and phrase usually gives the impression of sincerity. Also a style of writing which is natural to the writer carries his personality to the reader.

In foreign trade, with its numerous problems and complications, the use of forms is a necessity: it facilitates the handling of goods at the various stages, indicates that regulations have been complied with, and saves unnecessary correspondence. It is the repetitive nature of many business transactions that makes it possible for the form to do the work of the letter. A study of the wording on forms is therefore advisable, and one or two specimens relating to certain transactions will be found in later chapters.

The growing use of the telephone and telegraph is also reducing correspondence in this age when, as never before, 'time is money'. Another factor is the increasing personal contact in international trade. With any one part of the world only a few hours' flying time from any other it is not surprising that many businessmen prefer to make personal visits in order to discuss important matters on the spot.


Other modern conditions and tendencies that have their effect on the nature of correspondence are the establishment of foreign companies by large international organisations, business tie-ups between pairs of firms in different countries, export and import controls and restrictions, currency controls and the financial policies of governments.

The really competent correspondent therefore needs to understand something of the principles and practice of modern commerce. There is no room in this book for even an outline of these principles, but some brief explanations of certain procedures are given in order to help the less experienced student to understand the letters that follow.

2 The letter heading and the layout *Subunan tata ruang*

Business letters are usually typed on notepaper bearing a specially designed heading which provides the reader of the letter with essential information about the organisation sending it. Normally the heading will include the company's name and address, its telephone numbers and telegraphic addresses, the type of business it is engaged in, its telex code and V.A.T.¹ number, and in many cases the names of the directors. It is becoming increasingly common for firms to print an emblem or trademark on their stationery.

Here is an example of a heading that might be used by a British company:

| | | |
|--|---|---|
| <small>Registered Number 123456</small> |  | <small>Telephone: 01 486 0517 (2 lines)</small> |
| <small>INCORPORATED IN ENGLAND</small> | H. BROWN & W. PINK LIMITED | |
| <small>DIRECTORS: H. BROWN W. PINK</small> | <i>Home & Overseas Merchants</i> | 18 HILL ST. LONDON W1M 5RN |

The firm in this example is a *limited company*,² and this fact is indicated by the word 'Limited' (very often abbreviated to 'Ltd.'). which is printed after the name. Since the name of the company does not show what its line of business is, this is stated separately.

Here are two more examples of letter headings, both of which would be used by *partnerships*.²

| | |
|--------------------------------|---------------------------------------|
| GREY, BLACK & WHITE | |
| SOLICITORS | <small>Telephone: 01 388 5599</small> |
| <hr/> <hr/> | |
| T.M. White | 265 HIGH HOLBORN |
| G.R. Jones | LONDON WC1H 8BA |

¹ Value Added Tax, an indirect tax which replaced Purchase Tax in connection with Britain's entry into the European Economic Community (the E.E.C.). ² See page 8.

THISTLETHWAITE & CO. *Company*

Chartered Accountants

B. Black, F.C.A.
A. White, F.C.A.
J. Grey, A.C.A.

Telephone: 01 829 9595

*596 Broad Street
London EC4 3DD*

Let us now look at an example of a letter typed on the stationery of a British limited company:

| | | |
|---|--|--------------------------------|
| (a) Telegrams GRAJO LEEDS | GRADEN & JONES LIMITED <i>Home & Overseas Merchants</i> | Telephone Leeds 978653 |
| DIRECTORS: L.L. Graden, P.G. Jones | | Upper Bridge Street LEEDS 2 |
| (b) JAS/DS | | (c) 13 July 1978 |
| (d) Oliver Green and Co. Ltd. 25 King Edward VII St. MANCHESTER M24 5BD | | |
| (e) Dear 'Sirs | <p>We understand from several of our trade connections in Bolton that you are the British agents for Petrou and Galitopoulos AE of Athens.</p> <p>Will you please send us price-lists and catalogues for all products manufactured by this company, together with details of trade discounts and terms of payment.</p> <p>We look forward to hearing from you.</p> | |
| (f) Yours faithfully GRADEN AND JONES LTD. | | |
| (g) <i>J.A. Stevens</i> | | |
| J.A. Stevens Chief Buyer | | |

Note the layout in the example. Currently there are several ways of setting out a business letter in Britain, and policy in this respect differs

3 | The enquiry = Request of information.

The body of letter

Most letters of enquiry are short and simple, so much so that many firms have adopted the practice of sending printed enquiry forms, thereby eliminating the need for a letter. As a prospective buyer, the writer of an enquiry states briefly and clearly what he is interested in, and this is all the receiver of the letter needs to know.

It is rather different when the object of your enquiry is to obtain a special price for regular orders, or selling rights in your area. In cases like these you are asking for concessions, and you have to 'sell' your proposal to the supplier. This requires much more skill than does the writing of a routine enquiry, and we will be returning to letters of this type shortly.

A first enquiry—a letter sent to a supplier with whom you have not previously done business—should include:

(a) A brief mention of how you obtained your potential supplier's name.

Your source may be an embassy, consulate, or chamber of commerce; you may have seen the goods in question at an exhibition or trade fair; you may be writing as the result of a recommendation from a business associate, or on the basis of an advertisement in the daily, weekly or trade press. *Exhibition - Recommendation - advertisement*

(b) Some indication of the demand in your area for the goods which the supplier deals in. *- opening lines*

(c) Details of what you would like your prospective supplier to send you. Normally you will be interested in a catalogue, a price list, discounts, methods of payment, delivery times, and, where appropriate, samples. *- Apa yang kita inginkan*

(d) A closing sentence to round off the enquiry. *meyakinkan*
Here are some suggestions for sentences which you might include in a routine enquiry:

Opening lines

1. Your name has been given us by the British Chamber of Commerce in Hamburg, ...
2. The British Embassy in Copenhagen has advised us to get in touch with you concerning ...
3. We saw your products demonstrated at the Hanover Fair earlier this year, and would like to know whether ...
4. Messrs. Rawlins and Townsend of Bletchley, who we understand have been doing business with you for some years, inform us that you may be able to supply us with ...
5. We have seen your advertisement in last Sunday's *Observer*, and would be grateful if you would let us have details of ...
6. Your advertisement in this month's issue of *The Shoemaker* states that you can offer ...

Chose your own language.

Analysing the state of the market

- (1) There is a brisk demand here for high-quality sports shirts of the type you manufacture.
- (2) Demand for this type of machine is not high, but sales this year will probably exceed 100,000.
- (3) These fancy goods are in demand during the tourist season (late May to early September), but for the rest of the year sales are moderate, and often rather low.
- (4) There is no market here for articles of this type in the higher price ranges, but less expensive models sell very well throughout the year.
- (5) You can count on a brisk turnover if prices are competitive and deliveries prompt.

Asking for information

- (1) Will you please send us your catalogue and price list for ...
- (2) Will you please quote prices c.i.f. Amsterdam for the following items in the quantities stated: ...
- (3) We would be glad to receive specifications of your new SE11 typewriter, together with your current export price list and details of trade discounts.
- (4) We are also interested in your terms of payment and in discounts offered for regular purchases and large orders.
- (5) If we place orders with you we will have to insist on prompt delivery. Can you guarantee delivery within three weeks of receiving orders?
- (6) We would appreciate a sample of each of the items listed above.

Closing sentences

- (1) We are looking forward to hearing from you.
- (2) We would appreciate a prompt answer.
- (3) As our own customers are pressing us for a quotation, we hope you will be able to make us an offer within a fortnight from today's date.
- (4) We hope to hear from you shortly.
- (5) Since the season will soon be under way, we must ask you to reply by the end of this month.

The first three model letters in this chapter are examples of routine first enquiries. Letters 1 and 2 are addressed direct to suppliers, while no. 3 is written to an agent.

- * Because we will do the business at the first time.
- * Body of letter : Consist of three :
 - a. opening .
 - b. Content — body .
(purpose why you write).
 - c. how to rounders (meyakumkan).
- * Closing .
- * Inside Address . (dapat dari mana).

4 Replies to enquiries: offers

A reply to an enquiry from a regular customer is normally fairly brief, and does not need to be more than polite and direct. Provided the supplier is in a position to meet his correspondent's requirements, his reply will generally:

- 4 Chapters*
- (a) Thank the writer of the letter of enquiry for the letter in question.
 - (b) Supply all the information requested, and refer both to enclosures and to samples, catalogues and other items being sent by separate post.
 - (c) Provide additional information, not specifically requested by the customer, so long as it is relevant.
 - (d) Conclude with one or two lines encouraging the customer to place orders and assuring him of good service.

Replies to enquiries may begin in a number of ways. Here are some suggestions:

Opening lines

1. Many thanks for your enquiry of 3 April ...
2. We are pleased to have your enquiry about ...
3. We thank you for your letter of 6 January, in which you enquire about ...
4. In reply to your telex of today ...
5. Replying to your enquiry of 2 June ...
6. ... we are pleased to inform you that ...
7. ... we have pleasure in confirming that we can ...
8. ... we can offer you immediately ...
9. We thank you for your enquiry, and are pleased to inform you that our Brazilian agents hold stocks of all our products.
10. In reply to your enquiry of 8 August we are enclosing ...
11. ... the brochures you requested.
12. ... full particulars of our export models.
13. ... our revised price list.
14. We thank you for your letter of 4 July and have sent you today, by separate post, ...
15. ... samples of all our wax polishes.
16. ... patterns of our new silk fabrics.
17. ... specimens of our latest ball-point pens.
18. ... a full range of samples.

As an illustration, here is an answer to letter no. 1, page 12:



Western Shoe Company Ltd.

YEOVIL, SOMERSET S19 3AF
ENGLAND

SG/EO

15 October 1978

Fournier et Cie SA
Avenue Ravigny 14
Paris XV
France

Dear Sirs

a) We thank you for your enquiry of 12 October, and appreciate your interest in our products.

b) Details of our export prices and terms of payment are ^{Champitkan} enclosed, and we have arranged for a copy of our catalogue to be sent to you today.

c) Our representative for Europe, Mr J. Needham, will be in Paris from the 24th to the 30th of this month, and we have asked him to make an appointment to visit you during this period. He will have with him a full range of samples of our hand-made lines, and is authorised to discuss the terms of an order with you or to negotiate a contract.

We think our articles will be just what you want for the fashionable trade, and look forward to the opportunity of doing business with you.

Yours faithfully
WESTERN SHOE COMPANY LTD.

S. Granville
Export Sales Manager

5 | Orders and execution of orders ^{carrying out}

If the seller's offer is right, an order may be expected to follow. The really difficult part of the business is now over and the remaining correspondence is largely routine. The supplier must, however, maintain the friendly, helpful attitude of his earlier letters in all later correspondence. At all stages of a transaction he must show the buyer that his aim is to serve him well. Difficulties may arise at any time: unforeseen problems may occur and misunderstandings ensue. All these things will need action and explanation, so that careful wording may be required in a letter to keep a customer in the right frame of mind. In other words, every letter written to him should be a 'silent salesman' and a lasting advertisement for the writer. It is only in formal letters of advice and instruction that a correspondent should rely on formal phraseology.

The buyer is able to write without such careful choice of language and is therefore brief and 'to the point', but the modern tendency towards an easier and more natural style in writing is also noticeable here: courtesy counts nothing and a friendly attitude often wins a similar response, all of which can only help trade and improve business relations.

In this chapter, we are dealing largely with the export order, so that one or two routine matters should be dealt with before we turn to the wording of communications.

First of all, accuracy is essential in the placing of an order. An error in quoting a catalogue number, or a mistyped figure in the quantity column can cause trouble which it may be impossible to put right later. All this is very elementary, but such errors are known to occur; a double check at all stages is the only prudent course.

Clarity is also essential. The buyer must make clear to the seller exactly what he wants. Most firms will agree that there is room for improvement here. In the export business there are also other things needed besides an accurate description of the goods: for example, method of transport, packing, delivery and insurance, or possibly method of payment, if this has not been settled already. Then the buyer may require some special documents for his own use or to satisfy import regulations. These must be asked for—the exporter cannot always know what the buyer requires in this respect. Large firms will most probably use an export order form for ordering; the special requirements are printed on this form, and possibly also details of terms and conditions of purchase. A specimen of one of these is given on page 38.

Librería Británica

Río Ganges 64, México 5, D.F. S.A.

TELS: 525-8575
511-2517

APDO. POSTAL: 5-394
CABLES: GREPEMEX

| |
|----------|
| Order to |
|----------|

| |
|-----------|
| Order No. |
| 8258 |
| Date |
| |

| Quantity | Title & Author | Price | Remarks |
|---|----------------|-------|---------|
| | | | |
| --- If you cannot supply within 3 months, do not back order. --- Send paperback if available, unless otherwise stated. | | | |

Invoices 3 copies with shipment, 2 by airmail.

Please quote our order number.

SEND BY

MERCURY AIRFREIGHT INTL. LTD.
Unitair Center
Great South West Road
East Bedfont
FELTHAM, MIDDLESEX, TW 14 8NJ

ALFRED ROYLE & WILLAN LTD.
Platow
LONDON E. 13.

BOOK POST
UNREGISTERED

MARK AS FOLLOWS

MARK AS FOLLOWS

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For separate consolidation to:

LIBRERÍA BRITÁNICA, S.A.
Río Ganges 64,
MEXICO 5, D. F.

LIBRERIA BRITANICA, S.A.
Río Ganges 64,
MEXICO 5, D. F.

SPECIAL
INSTRUCTIONS

When ordering goods, a customer will generally include the following in his letter:

- (a) A reference to a visit by the supplier's representative, or to an advertisement or catalogue, or to a sample, or to previous correspondence. This applies particularly to a *first* order. In subsequent orders the buyer may begin his letter with:
- (b) Details of the goods required: quantity, quality, catalogue number, packing, etc.
- (c) Conditions and qualifications.
- (d) Alternatives which are acceptable if the goods ordered are not available.
- (e) A closing sentence, perhaps encouraging the supplier to execute the order promptly and with care.

6 | Packing and despatch

Sending

Beauty Khariismaarti

Someone who has ever tried to pack a Christmas parcel and who has known the frustration that this seemingly simple operation can entail will agree that packing is an art. So badly is it often done that by the time the parcel reaches its destination it may be reduced to a shapeless mass by the not very gentle handling it has received on its journey. Only really 'quality' parcels come through the ordeal of transport unscathed.

The real art of packing is to get the contents into a nice, compact shape that will stay that way during the roughest journey, and wrap the lot with a good strong cover of some kind. Somewhere between the thin brown paper parcel that tears open at the first touch and the heavy box that gets there all right but costs more in postage than the contents are worth, lies the happy medium that makes the whole thing practical.

This, on a large scale, is the problem that faces the despatch department of every firm, especially the export firm. The buyer has a right to expect that his goods will reach him in perfect condition, and the seller has to pack them in such a way that they will do so. Nothing is more infuriating to a buyer than to find his goods damaged, or part missing on arrival: nothing is more likely to lose a customer. In the export trade serious losses may result, causing the customer great loss. It is because of these reasons that large export firms have established a special department for export packing, and the whole question is under regular review. New packing materials are being developed which are light and strong, and new methods being found to ensure the safe transport of heavier goods. Many export firms employ a specialist export packer or forwarding agent to do their packing for them.

The general plan in all packing is to make the goods secure for the kind of journey they have to make, but to keep the package as small and light as possible. Transport costs on land usually depend on the weight, but on sea the size of the package is also important.

In correspondence, you will find the following list of specialised terms

45 → kit

PACKING CONTAINERS

Generally made of paper, linen, canvas, rubber, or plastic.

A larger, stronger version of a bag, usually made of jute.

45 → kit

Carton Made of light but strong cardboard, or fibreboard, it has double lids and bottoms which are fixed together. Sometimes several cartons are made up into a single package, held by metal bands.



Box Stronger than a carton, made of wood, cardboard or metal, sometimes with a folding (hinged) lid.

Case A strong container made of wood. For extra strength, cases may have *battens* fixed to their tops, bottoms and sides. When thin wood is used, metal bands or wires will be passed around the case. Cases are often *lined* with various materials to prevent damage by water, air, insects, etc.



Crate This is like a case, but is not fully enclosed. It has a bottom and a frame, and is sometimes open at the top. Crates are often built for the particular thing they have to carry. Machinery packed in crates needs a special bottom, called a *skid*, to facilitate handling.



Container A very large, robust, metal construction, varying in length from about ten to about forty feet. It is normally sealed at the consignor's factory and transported unopened until it reaches its destination. Containers are carried by rail, road and by ship. They may be watertight and airtight, and goods sent in them cannot be lost or stolen. Containers are a recent development, and they can make transportation very economical.



Drum A cylindrical container for liquids and powders, usually made of metal or plastic, but sometimes wood or strong cardboard.



7 | Invoicing, accounting and settlement of accounts

Accounting, banking and payments are subjects which have a vocabulary and phraseology of their own. When you have mastered these you will not have any great difficulty in writing the letters connected with them, for the principles of accounting and banking are almost universal. In this chapter we shall study only the correspondence connected with invoicing, accounting (i.e. book-keeping), terms of payment and simple payments.

When the customer's order is received by the manufacturer it is acknowledged by letter or postcard. (See Chapter 5) It is then passed for execution—by the Sales Manager or his department—and the work of packing the order can begin; or, in the case of goods not in stock, the order is sent to the factory for manufacture. In either case, there is paper-work to be done, as many of the manufacturer's departments (Sales, Accounts, Despatch, etc.) must have details of the order. A great deal of time and work is saved by the modern practice of using one kind of printed form for this purpose, copies in different colours being sent to the different departments. Details of the customer's name, goods ordered, order number, terms and any special instructions will be typed on this form, with space left for the price of the various items ordered. In this way, the accounts department can also use one of these copies as the *invoice*, or make out as many copies as are needed for a shipping order.

The invoice is an important document in the export trade, as copies may be required by banks, export/import agents, shipping companies, customs authorities, and consulates. It is therefore one of the shipping documents, and as there are other types of invoices, this one is called the commercial invoice.

Here are some of the terms and abbreviations connected with invoicing and accounting:

| | |
|----------------------------|-------------------------|
| Dr. (= Debit) | Cr. (= Credit) |
| a/c (= account) | c/f (= carried forward) |
| b/f (= brought forward) | Bal. (= Balance) |
| c.w.o. (= cash with order) | N/C (= no charge) |

The invoice will be sent to the customer by post, or through an agent or a bank. (See *Banking, Chapter 9*) In the case of single or isolated transactions, payment is then required, either before delivery or on delivery of the goods. This method of payment is called *payment on invoice*.

British export invoice:

Price & Co. Ltd.

TELEGRAMS:
"LEAPLAND" LONDON

EXPORT MASTER

10-12 MARK STREET, LONDON EC3P 2BE

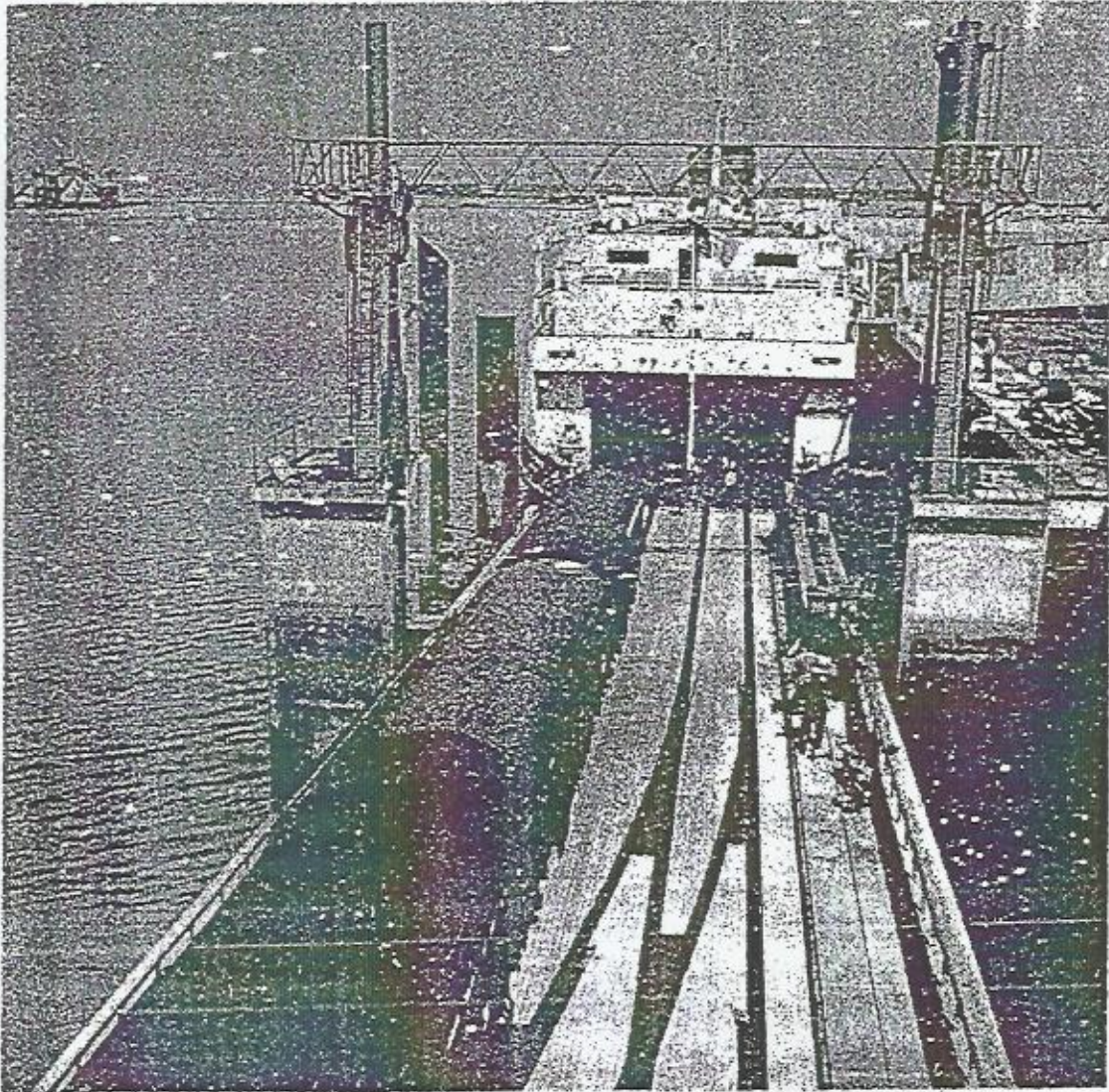
| | | | | | | | | | |
|--|-----------------------------------|----------|--------------------|-----------------|--|--|-------------|-----|----|
| Invoice No. G.H.B.E. Invoice No. 14, Invoice No. | Invoice No: | 3701 | Invoice Date: | 27 January 1979 | Country Code: | 10 | | | |
| | Credit Note No. | | Credit Note Date: | | Our Bankers | | | | |
| | Works No. | | Works Date: | | Lloyds Bank Ltd. Lombard Street, London EC3P 2BF | | | | |
| Customer Order No and Date Delivery Date 20 February 1979 Country of Origin G.B. | Customer Order No and Date | | | Foreign Bank | | | | | |
| | Delivery Date 20 February 1979 | | Sight Draft Amount | | | | | | |
| | Country of Origin G.B. | | Credit Terms | | | | | | |
| | | | | | B.T.N. | Unit Price | TOTAL PRICE | | |
| 100 trays Model 294 per dozen | | | | | | £6 | 72 | 00 | |
| Cigarette lighters 'Flick Mk. 1' per dozen | | | | | | £15 | 180 | 00 | |
| C.I.F. Hamburg | | | | | | | | 252 | 00 |
| | Gross Kg. | Nett Kg. | Size (Cms) | Cube | | | | | |
| | 35 Kg | 15 Kg | 61 x 46 x 46 | | | | | | |
| | | | | | Vessel/Flight | Marks and Numbers | | | |
| | | | | | SS Brighton Belle | | | | |
| | | | | | A.W.B. | Date of Despatch | | | |
| Hermann Shipping Co. Ltd. | | | | | London | 25 January 1979 | | | |
| | | | | | Port of Loading | Method of Despatch | | | |
| | | | | | Road | | | | |
| | | | | | Agents Ref/H.A.W.B. | Port of Discharge | | | |
| | | | | | Hamburg | FREE CIRCULATION NON-FREE CIRCULATION | | | |
| Registered in England 183137 | | | | | | | | | |

But where the buyer has an open account with the seller, the latter will not want payment on invoice. Instead he keeps a record of all invoices sent out to his customer and then, once a month (or once a quarter) he will send an account of all the goods despatched and payments received

8 | Shipping and forwarding

Being an island, Great Britain is more dependent than are most countries on transport by sea. Although air transport is increasing and is undoubtedly the best method for carrying certain types of goods, its limitations are obvious.

Large amounts of merchandise are transported to the Continent by rail and lorry. There are special ferries which can carry a whole train or several loaded lorries, so that cargo does not have to be loaded, unloaded and reloaded at ports. Special wagons, both open and closed, are used on train-ferry services, and these include refrigerated wagons for perishable goods and tanks for liquids being transported in bulk.



A cross-Channel Ferry Train

...years this type of transport has greatly encouraged the use of ... which are mentioned in Chapter 6. Container services pro- ... safe, and relatively inexpensive door-to-door deliveries, and ... more and more popular with exporters and importers alike.

... by ferry is possible only between Britain and certain other ... countries, so most goods, unless they are light enough to be ... economically by air, have to go by ship.

... by sea can be a complicated business, since the exporter and ... both have to observe a variety of rules and regulations which ... made over the years. These involve a great deal of paperwork ... can be studied in detail in any of the available books on modern ... practice: this chapter will explain only what it is necessary to ... in correspondence.

... of the letter writing concerning transport is between firms in the ... country: for example, sellers make arrangements with forwarding ... shipowners, while buyers frequently have to contact agents or ... in their own country when goods are to be collected from a ... airport or railway station.

... seller or buyer—according to which party is responsible under the ... of payment for transport arrangements—has to know how much it ... will cost to have his goods delivered. If he is concerned with regular ... shipments between two specific ports, he will know the normal freight ... rates and will be kept informed of changes, but in other cases he will have ... to make enquiries, as in letters 1 and 2:

Dear Sirs

Please quote us your freight rate for *cased cycles* for shipment from London to Valetta, and let us know when you will be sailing to Malta during the next three months.

Yours faithfully

Dear Sirs

We are about to make up an order for a customer in Beirut for 3 cases textile machinery parts, and in accordance with the terms of the letter of credit the consignment has to be shipped by 15 January at the latest.

Please inform us whether your *S.S. Morning Star* will be able to meet our requirements, and kindly quote us a rate for the voyage.

We are looking forward to hearing from you.

Yours faithfully

Page 86 shows a sailing card issued by a shipping line, giving particulars of loading and sailing dates of a cargo vessel sailing between Britain and South America. When sailings are infrequent, space has to be reserved in advance.

Handwritten notes in the right margin: "Practically (rarely) by ship".

Large handwritten scribble or signature across the bottom of the page.

9 | Banking and payments in foreign trade

The purpose of this chapter is not to deal with all the numerous functions of banking, but to outline the principal services rendered by banks in connection with trade, and to give the reader the vocabulary and phraseology which is essential for correspondence and for an understanding of the various documents used in matters relating to payments in commerce.

The main functions of banks are to accept and hold deposits, to honour drafts—cheques and bills of exchange—drawn on them, and to grant advances in the form of loans and overdrafts. Banks also provide services such as keeping customers' accounts, obtaining and giving information, transferring funds for payments or investments, handling foreign currency transactions, issuing letters of credit, acting as trustees, executors and guarantors, looking after securities and other valuables, and, in foreign trade, collecting payments, discounting bills of exchange, and financing imports and exports.

Dealings with banks tend to be rather formal, since such business is confidential and is conducted according to a very strict code of conduct, and it is inevitable that this formality should be reflected in correspondence between banks and their customers. So we may reasonably expect some of the old *commercialese* of the nineteenth and early twentieth centuries to survive in letters written to and by banks, and, in fact, we do. The survival of this formal phraseology has a great advantage in modern commerce: its meaning is perfectly clear to everyone involved in transactions with banks, both at home and abroad.

Nevertheless, banks are commercial institutions, and as such they have to sell their services. No bank today can afford to rely exclusively on large customers, and in Britain there has in recent years been a great deal of competition for the custom of small savers. Correspondence has accordingly been modified so as to appeal to the man in the street, and the language of letters written by banks is now closer to the spoken language than it has ever been.

A SHORT EXPLANATION OF SOME BANKING TERMS

Current account: The account into which a client pays his trading receipts and on which he draws his cheques. No interest is paid on a current

- Account:** Banks make charges for handling these accounts unless an agreed minimum balance is kept in over an agreed period of time.
- Accumulation:** Surplus funds from the current account are held in this, and receive interest.
- Charge:** The charge or profit due for lending money.
- Money lent ((v.) lend, borrow; (n.) lender, borrower):** Banks *lend* to their customers. Customers *borrow from* their banks.
- Order:** An order in writing from a person to his bank to pay on demand a certain sum to a named person.
- Bill of exchange:** An order in writing from one person to a bank or to another person, to pay on demand or at a given date, a certain sum to the person named in the bill.
- Letter of credit (commercial):** An arrangement with a bank by means of which a buyer guarantees payment to a seller on fulfilment by the seller of certain agreed conditions. The instruction must be in writing and if marked 'irrevocable', it cannot be cancelled.
- Draft:** This really means a document used to 'draw' money from some source, but sometimes it is used to refer to the money itself. A bill of exchange is often referred to in a letter as 'the draft'.
- Banker's draft:** A draft or cheque drawn by one bank on another.
- Banker's transfer:** Transfer of money from the bank account of a debtor to the bank account of his creditor by order of the debtor.
- Overdraft:** A debit balance on a bank customer's current account. This may be authorised by the bank.
- Security:** A document of value given as cover for a loan. (Collateral security = additional or supporting cover).
- Tutor:** Person appointed to protect the interests and property of a person unable to do so for himself.
- Executor:** Person appointed to carry out the wishes of another person deceased.

CORRESPONDENCE WITH BANKS

The private nature of much of the business done with banks reduces correspondence with them chiefly to routine matters, formal instructions, advice and requests for information. Much of this, too, is done by special means. Confidential matters are usually dealt with in interviews between bank managers and their clients, a practice actively encouraged by British banks.

The following phrases and sentences are those commonly used in connection with routine correspondence.

Insurance has become more and more important as commerce has developed. The idea of insurance is to obtain *indemnity* in the event of any happening that may cause loss of money; insurance is *against risk*. Dancers, for example, may insure their legs, singers their voices, and musicians their hands: indeed, these days it is possible to insure against almost any eventuality that may cause loss of one kind or another.

A somewhat different kind of insurance provides for money to be paid to a person at a certain age as an income or as a lump sum, or to be paid to the person's heirs on his or her death: this is life insurance, now generally known in Britain as *assurance*.

It is not possible in this book to go into the various forms of insurance for private individuals, and we will concern ourselves only with the insurance of goods.

Goods are normally insured for the full amount of their value, which is calculated as: cost of goods + amount of freight + insurance premium + a percentage of the total sum to represent a reasonable profit for the seller.

While goods are being stored—in a warehouse, for example—the insurance usually covers the risks of fire and burglary, and other risks may also be covered. As soon as the goods are *in transit*, in other words being moved from one place to another, they are insured against the same risks. The term *warehoused or in transit* means that the goods are insured whether they are in a warehouse or in process of being moved.

The usual procedure is to insure *against all risks*. This involves a *W.A. clause (with average clause, explained below)*.

The word *average* as used in insurance means *damage* (it is derived from the French word *avarie*). *With average* means that the insurers pay claims for partial losses, whereas *free of particular average (F.P.A.)* means that partial losses are not covered by the insurance.

Particular average means partial loss or damage accidentally caused to the ship or to a particular lot of goods. Particular average must be borne by the owners of the property suffering the loss, and is distinct from general average, which is distributed over the whole ship, freight and cargo. If, for example, some of the cased cycles, the subject of letter no. 1, Chapter 8, become corroded by sea-water a particular average loss has occurred.

General average means any extraordinary loss, damage or expenditure incurred for the purpose of preserving all the interests imperilled—the ship, the cargo and the freight: these are said to form a *common adventure*. A general average sacrifice is when cargo has to be *jettisoned*, that

means thrown into the sea, to lighten the ship; when cargo is damaged by water used to put out a fire; the cost of towing a ship into port for repair, etc. General average is, in fact, the application of the principle: 'that which is sacrificed for all is borne in proportion by all interested in the adventure'. It is older than insurance.

The York-Antwerp Rules: In earlier times there was some conflict between the law of one maritime country and another concerning general average, so a code was drawn up called the York-Antwerp Rules, and this is amended from time to time.

INSURERS

Insurers is the name given to the people who undertake to indemnify the *insured*—that is to say the owners of the goods, whether sellers or buyers; who pay what is called a *premium* to the insurers.

The insurers are also called *underwriters*, and are said to *underwrite* the proportion of the indemnification they are prepared to bear. (The word originated with the insurer's signature under—now usually beside—the proportion he agreed to pay.)

The insurers are either companies; like other business firms, or they belong to the famous organisation of LLOYD'S. This is a very old society that started in London in the eighteenth century; the members operate as individuals and their liability cannot be limited. (See page 124 for the history of Lloyd's.)

DOCUMENTS USED IN INSURANCE

The policy is the principal document and is the instrument embodying the contract, but as the policy may cover a certain period of time, or many shipments of goods, another document is used called the *certificate*. This is issued for each shipment that is made, the particulars of the consignment are entered on a *declaration form* and the insurance agents issue the certificate to the senders on behalf of the insurers.

The policy may be known as a *floating policy*, that is to say, it covers a large quantity of goods for a fairly long period, usually a year, or it covers goods up to a large sum of money, and such a policy is represented by certificates for each separate consignment.

There is also a procedure of insurance often used now, known as *open cover*, by which there is a rather general arrangement between the insurer and the insured, that the latter will have all consignments insured by the former.

A *cover note* is a small document issued by the insurance agents to their customers, to tell them that their goods are insured, and to give proof of this until the policy is ready.

Complaints and replies to complaints

Usually, it should not be necessary to complain, since in business everything should be done so carefully—details of offers and orders checked, everything supervised, quality control carried out expertly—that no mistakes are made and nothing is damaged. Unfortunately, as in other walks of life, things do not work out as well as that. Errors occur and goods are mis-handled; accidents happen, usually because of haste and lack of supervision. There is often a shortage of staff owing to illness or holidays, and there is sometimes a shortage of sufficiently trained staff, so mistakes are inevitable and customers complain.

It should be a point of honour² with a firm never to blame its employees when writing replies to complaints: the firm has undertaken the work and the staff are part of the firm, therefore the firm itself is at fault and must bear the consequences.

Complaints may be of several kinds, and may arise from the delivery of wrong goods, damaged goods, or too many or too few goods. Even if the right articles are delivered in the right quantities, they may arrive later than expected, thus causing severe difficulty to the buyer and, possibly, to the customers. Then the quality of the goods may be unsatisfactory: perhaps they are not according to the sample or description on the basis of which they were ordered, or they may simply be second-rate products.

If a customer is dissatisfied with the execution of his order, he will complain. In doing so he should refer clearly to the articles in question, by referring to his own order number or to that of his supplier's invoice, or both. He should then specify the nature of his complaint, and finally state what action he wants his supplier to take.

Here are some examples of letters of complaint written by customers to their suppliers:

Complaint of late delivery

Dear Sirs

Our order no. VF449766 of 4 July 1978

The goods ordered under this number arrived today in good condition, and your invoice has been checked and found correct.

However, we have to point out that these articles were ordered subject to their arriving here by the end of August. Since they did not reach us until 14 September, we have been hard pressed to meet our commitments to our own customers.

As you will no doubt understand, a recurrence of this situation could well result in our customers placing orders elsewhere, and this is a risk we are unwilling to take. We must, therefore, insist that you observe delivery deadlines for future orders.

Yours faithfully

[2] *Customer complains of repeated delays in delivery*

Dear Sirs

Our order nos. 6531, 6687, 6866 and 6892

As we have repeatedly pointed out to you, prompt delivery on your part is essential if we are to maintain satisfactory stock levels and fulfil our production schedules.

Each of the four orders listed above has arrived later than the date stipulated, and order no. 6892 was delayed by almost a month, with the result that we have had to reduce production by some 5 per cent.

We cannot possibly allow this situation to continue, and are sorry to have to tell you that unless you can guarantee to deliver supplies by the dates specified in future orders, we will be forced to look for another supplier.

We hope to hear from you very soon.

Yours faithfully

[3] *Customer receives wrong goods*

Dear Sirs

Our order no. J733

We have received the documents³ and taken delivery of the goods which arrived at Port Elizabeth on the S.S. *Castile* yesterday.

We are much obliged to you for the prompt execution of this order. Everything seems to be correct and in good condition except in case no. 14.

Unfortunately, when we opened this case we found it contained completely different articles from those ordered, and we can only presume that a mistake has been made and that this case is part of another order.

As we need the articles we ordered to complete deliveries to our customers, we must ask you to arrange for replacements to be despatched at once. We attach a list of the contents of case 14, and would be glad if you would check this against our order and your copy of the invoice. In the meantime we are holding the case at your disposal;⁴ please let us know what you wish us to do with it.

Yours faithfully

[4] *Complaint of inferior quality*

Dear Sirs

We are very sorry to have to inform you that your last delivery is not up to your usual standard. The material seems to be too loosely woven and is inclined to pull out of shape. By separate mail we have sent you a cutting from this material, also one from cloth of an early consignment, so that you can compare the two and see the difference in texture.

We have always been able to rely on the high quality of the materials you sent us and we are all the more disappointed in this case because we supplied the cloth to new customers. As we shall have to take it back we must ask you to let us know, without delay, what you can do to help us in getting over this difficulty.

Yours faithfully

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12 | Agencies

A vast amount of international trade is handled not by direct negotiation between buyer and seller but by agencies, usually in the country of the buyer. Of course, a large organisation may establish a manufacturing subsidiary or sales company in the foreign country it sells to, but this calls for enormous capital outlay and is beyond the means of most exporters. Even for those who can afford to establish branches abroad it may be very questionable whether they would prove economical to run. It is, therefore, not surprising that agencies continue to handle a very large volume of business.

This chapter deals with the correspondence of agencies, and for a better understanding of the letters contained in it, we will refer very briefly to some of the various types of agents.

The *forwarding agent* has already been described in Chapter 8, and this type of agency should be mentioned again here because there is a growing tendency for forwarding agents to extend their activities into the fields of transport, financing, insurance, and even buying on their own account.

Mercantile agents may be *selling agents* or *buying agents*; both act on instructions from their *principals*, and receive payment for their services under some kind of agreement or contract. *Brokers* and *factors* are also mercantile agents, but agents with higher degrees of independent authority. Brokers and factors often deal in commodities such as fruit, agricultural produce, and raw materials, whose prices are subject to sudden changes.

Commission agents buy and sell in their own names, on the best terms available, on behalf of foreign buyers and sellers. They charge a *commission* for their work.

Merchant shippers are import/export merchants who buy and sell entirely in their own right and for their own account, but who may be considered agents in the wider sense of the term.

Their function is rather like that of the wholesaler in the home trade, but they have the additional work of attending to shipping arrangements.

The letters which follow deal less with the routine side of the work of agencies than with particular problems: terms of operation, competition, supplies, and so forth. The more personal and informal style of the correspondence should prove of value to the student, for a good deal of the subject matter and idiom can be applied to matters other than those connected with agencies.

[1] *Importer asks for agency*

L. PETERSEN A.S.

Glostrupgade 154
Copenhagen S

4 January 1978

Modern Garden Implements Ltd.
Wendover Avenue
Birmingham UTT 8FR
England

Dear Sirs

The excellent quality and modern design of your mechanical garden tools, a selection of which we saw recently in action here, appeals to us very much. We have since seen your full catalogue and are interested to know whether you have considered the possibilities of the market in this country.

As a leading firm of importers and distributors of many years' standing in this trade, we have an extensive sales organisation and a thorough knowledge of the Danish market. We think your products would sell very well here, and are prepared to do business with you either on a consignment basis or by placing firm orders, if your prices and terms are right.

We are also interested in handling a sole agency for you, which we think would be to our mutual advantage.

Please let us have your views on these proposals: if you are interested in establishing an agency here, our Mr Eriksen would be pleased to call on you in March, when he will be in England.

We look forward to your reply.

Yours faithfully

L. Petersen

L. Petersen A.S.

Telegrams used to be the usual means of communication in certain types of business where a letter is too slow, and buying and selling on the *markets or exchanges* normally involved the sending of telegrams. Today, however, these institutions are equipped with telex machines and with direct telephone lines to foreign countries, and the importance of the telegram in such areas has been greatly reduced.

Nevertheless, not every firm can be reached by telex, and long-distance telephone calls are very expensive, so telegrams are still of very great importance in most branches of commerce.

In Britain, and in most other English-speaking countries, the word *cable* is often used for a telegram sent out of the country, whereas the term *wire* normally refers to an inland telegram. Both words can be used as nouns, verbs and adjectives: 'We have received your wire (cable)'—'You cabled (wired) us last week'—'You have not confirmed your cable (wire) reply'.

As we have already seen, firms register a *cable address* for the convenience of their business connections. This address consists of a name, usually some combination based on the name of the company itself or, if this is not possible, on the type of business carried on by the firm, followed by the name of the town. (See example 1, on page 3)

Telegrams are used for urgent messages, but speed must be paid for, and a good deal of skill is necessary if great expense is to be avoided. The cost depends on two factors: the distance the telegram has to travel, and the number of words it contains. It is of the greatest importance to make sure the telegram is clear, and economy often has to be sacrificed in the interests of clarity. The omission of, say, a preposition will save a few pence, but it may in certain cases result in ambiguity, and there will obviously be no saving of either time or money if the receivers have to telegraph back to find out what the message really means.

One of the characteristics of telegrams in English is that prepositions are usually left out and particles often convey the meaning of verbs. Similarly, pronouns, conjunctions and auxiliaries can be omitted provided this does not interfere with the meaning of the message. Punctuation is limited to the words 'stop' and 'query': the former is inserted at the end of a statement, the latter after a question.

Examples 1 and 2 in this chapter are suggested by letter no. 4, Chapter 3 and letter no. 4, Chapter 4 respectively.

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[1] *Enquiry for price and delivery date*

WEATHERPROOF MANCHESTER
PLEASE QUOTE LOWEST SOONEST 250 MENS LITEWATE MEDIUM CIF
CALCUTTA—DYMONT

Note that the words *lowest* and *soonest* are used in typical cable language, which is not always correct in ordinary correspondence. They are understood to mean 'lowest price' and 'earliest delivery date'.

[2] *Reply from sellers*

DYMONT CALCUTTA
250 MENS LITEWATE MEDIUM ONETHOUSAND POUNDS CIF CALCUTTA
STOP DELIVERY THREEWEEKS FROM RECEIPT ORDER—WEATHERPROOF

Note that certain words, such as *one thousand* and *three weeks* in the example above, may be joined if they have a definite connection with each other, but this is at the discretion of the clerk who accepts the telegram.

Further telegrams may be exchanged as follows:

- [3] PRICE TOO HIGH STOP CAN YOU REDUCE FOURPERCENT QUERY PLEASE CABLE REPLY
[4] CAN ONLY REDUCE TWOANDHALFPERCENT ON 250 OR FOURPERCENT ON 500 PLUS STOP DELIVERY AS STATED
[5] ACCEPT FOURPERCENT ON FIVEHUNDRED STOP AIRMAILING ORDER

Note that the official, written and signed order form must be sent by mail. Any telegraphic message involving orders must be confirmed.

Here are further examples of cables relating to orders:

- [6] PREPARED PLACE IMMEDIATE ORDER PLASTICWARE SUBJECT THREEPERCENT OFF ORDER VALUE OVER ONEHUNDRED POUNDS
[7] THREEPERCENT ALLOWED ON ORDERS OVER ONEHUNDRED POUNDS CASH PAYMENT
[8] CAN ORDER THIRTYTHOUSAND MANILLA TWO ENVELOPES IF EXTRA THREEANDHALFPERCENT ALLOWED
[9] REGRET EXTRA THREEANDHALFPERCENT IMPOSSIBLE UNDER FIFTYTHOUSAND ENVELOPES STOP YOUR ORDER HELD PENDING CABLE REPLY
[10] URGENT REPEAT URGENT STOCKS RUNNING LOW PLEASE AIRFREIGHT TENTHousand OFF SIX FOUR TWO BY END WEEK
[11] ORDER AIRFREIGHTED EX HEATHROW TOMORROW STOP ARRIVING MUNICH BA 956 SAMEDAY

Ability to supply goods

- [12] REGRET UNABLE ACCEPT FURTHER ORDERS UNTIL ~~XXXXXXXXXX~~
[13] ORDERBOOKS FULL CANNOT GUARANTEE DELIVERY THISYEAR
[14] OWING UNCERTAIN SUPPLY POSITION UNABLE GUARANTEE DELIVERY STOP WILL CABLE DEFINITE POSITION NEXTWEEK