

国际贸易实务(双语版)

Chapter 6

Quantity of Commodity



Teaching Plan 2

Teaching Contents

1. Section Two Methods of calculating quantity by weight
2. Section Three Quantity clause in sales contract

Teaching time: Two-class hour (90 minutes)

Learning Objectives

1. Master the methods of calculating the quantity of commodity
2. Master the methods of stipulating quantity clause of commodity in contracts
3. Master the do's and don'ts when stipulating quantity clauses in sales contract

Important Points:

1. The methods of calculating the quantity of commodity
2. The application of quantity clause of commodity in contracts

Difficult Points:

1. The methods of calculating the quantity of commodity
2. The application of quantity clause of commodity in contracts

Teaching Methodology:

Questions and Answers; Presentation; Group discussion; Case analysis

Teaching Aids:

PPT, blackboard, multimedia classroom





Section Two Methods of calculating quantity by weight

(2) Other methods for calculating weight

© Conditioned Weight

Commodities like raw silk, wool, cotton, etc. are readily absorbing moisture, moisture content of which is greatly affected by natural environment. To accurately calculate the weight of this sort of commodities, conditioned weight is usually adopted.



Section Two Methods of calculating quantity by weight

Conditioned weight refers to the **dried weight** (the weight of the commodities derived from such a process through which the moisture content of the commodity is removed by scientific means) **plus the standardized moisture content** (standard regaining rate of water multiply the actual weight). Conditioned weight is chiefly applicable in the calculation of weight of commodities which are of high value and with unsteady moisture content.

Section Two Methods of calculating quantity by weight

The formulas of calculating the conditioned weight are

Conditioned weight

= dried weight + standard moisture content, or

=dried weight \times (1+standard regaining rate of water), or

1+standard regaining rate of water

= actual weight \times -----

1+actual regaining rate of water

Section Two Methods of calculating quantity by weight

For example 1:

If the commodity is cotton, the actual weight is 100tons, the standard regaining rate of water is 1% and the actual regaining rate of water is 4%. Please calculate the conditioned weight.

Conditioned weight

$$= \text{actual weight} \times \frac{1 + \text{standard regaining rate of water}}{1 + \text{actual regaining rate of water}}$$

$$= 100\text{tons} \times \frac{1 + 1\%}{1 + 4\%}$$

$$= 100\text{tons} \times 0.9711$$

$$= 97.11\text{tons}$$

$$= 97.11\text{tons}$$

So the conditioned weight is 97.11tons.



Section Two Methods of calculating quantity by weight

For example 2:

If the commodity is cotton, the actual weight is 100tons, the standard regaining rate of water is 4% and the actual regaining rate of water is 1%. Please calculate the conditioned weight.

$$\begin{aligned} \text{Conditioned weight} &= \text{actual weight} \times \frac{1 + \text{standard regaining rate of water}}{1 + \text{actual regaining rate of water}} \\ &= 100\text{tons} \times \frac{1 + 4\%}{1 + 1\%} \\ &= 100\text{tons} \times 1.0297 \\ &= 102.97\text{tons} \end{aligned}$$

So the conditioned weight is 102.97tons.





Section Two Methods of calculating quantity by weight

©Legal weight and net net weight

Legal weight means the weight of the commodities and immediate packages of the commodities. Customs normally imposes tariff as per legal weight of commodities.

Net net weight of the commodities refers to the weight gained by deducting the weight of the immediate packages and all accessories. Net net weight is also chiefly used in the exercise of customs tariff. It is actually the purified weight.

Section Two Methods of calculating quantity by weight

In international trade, a lot of products are measured by weight and prices are also calculated according to weight. If the contract does not state whether the goods are to be calculated by gross weight or net weight, they are usually calculated by net weight.

Different ways can be used to decide the quantity of goods. Decisions on the methods depend on the characteristics of the commodity, package, volume or practice of trade. To avoid disputes, essential details must be specified in the contract.



Section Three Quantity clause in sales contract

The basic contents of the quantity clause consist of the **quantity** of the trade commodities to be delivered and the **measuring units** to be used. If commodities are measured by weight, it is necessary to state clearly the methods agreed upon each other including the systems of weights and measures to be used. To briefly state the basic content of the quantity clause in contract or to stipulate it in great details depends on the characteristics of the commodity.





Section Three Quantity clause in sales contract

1. Quantity clause must be explicit and specific

When quantity of commodities is stipulated, units of measures should be included. When weight is adopted to measure the quantity, specific methods to be used should also be stated. i.e. “Chinese Rice 1000 t, in gunny bags, gross for net”. Besides, imprecise and general words such as “**approximately**”, “**circa**”, “**about**” should not be used to avoid disputes. If they have to be used, extra stipulation is necessary.





Section Three Quantity clause in sales contract

1. Quantity clause must be explicit and specific

According to UCP600(The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication no. 600), the words "about," "approximately," "circa" or similar expressions used in connection with the amount of the Credit or the quantity or the unit price stated in the Credit are to be construed as **allowing a difference not to exceed 10% more or 10% less than the amount or the quantity or the unit price to which they refer.** . However, different countries have different understanding.



Section Three Quantity clause in sales contract

2. Stipulate reasonable quantity latitude

“More or less” clause (M/L clause)

In international trade, some of the commodities such as gold, silver, and medicines can be accurately measured, while many other products are very difficult to have accurate measurement, such as bulk cargoes, farm products and mineral products. Owing to the influence of natural conditions, packing requirements, transportation conditions or limitations of measurement tools, the actual quantity may be somehow more or less than the contracted quantity when delivery is taken.

So flexibility should be considered. If flexibility is specified, as long as the quantity difference does not exceed the latitude stipulated in the contract, the delivery is regarded as being in conformity with the clause of the contract and the buyer is not entitled to reject the goods or lodge a claim. It is in fact the **“more or less” clause.**

According to UCP 600, this latitude **does not apply** when the Credit stipulates the quantity in terms of a stated number of packing units or individual items.

Section Three Quantity clause in sales contract

For example: Shandong Peanut, 800,000 T, 2007 Crop. F.A.Q. with 5% more or less both in quantity and amount to be allowed at the seller's option.

There are two ways to calculate the more or less in quantity

1. $800,000 \times 5\% = 40,000 \text{ T,}$

5% more: $800,000 + 40,000 = 840,000 \text{ T,}$

5% less: $800,000 - 40,000 = 760,000 \text{ /T,}$

or

2. 5% more: $800,000 \times (1+5\%) = 840,000 \text{ T,}$

5% less: $800,000 \times (1-5\%) = 760,000 \text{ /T}$



Section Three Quantity clause in sales contract

Option

If there is a “more or less” clause in the contract, it is necessary to state clearly who has the option to decide the quantity latitude, **the buyer , the seller or the captain**, and the specific latitude.

Section Three Quantity clause in sales contract

Option

In practice, the “more or less” clause is usually at seller’s option.

But when shipment is arranged by the buyer, the buyer can have the option to decide the quantity latitude.

Considering that usually the captain of the vessel has a better knowledge of the capacity of the vessel , the quantity latitude can also be **at the captain’s option or at carrier’s option**. That is to empower the carrier to decide the more or less when shipment is done, in the hope that the volume of the vessel can be fully employed.



Section Three Quantity clause in sales contract

Price of more or less quantity

Generally the more or less quantity is paid at the contracted price. If the parties are concerned about the great changes in price at the time when delivery is made, involving disadvantage to either the seller or the buyer, it is often stipulated in the contract that more or less quantity should be paid at the market price at the time when the goods are shipped on board the vessel. It manifest the principle of being fair and reasonable and to prevent speculation or losses with the fluctuating price.

Section Three Quantity clause in sales contract

According to CISG, if the buyer accepts delivery of all or part of the excess quantity, he must pay for it at the contract rate. If the quantity of goods delivered is less than that required in the contract, the seller must replenish the goods within the stipulated time of delivery without causing unreasonable losses to the buyer. Even it is the case, the buyer reserves the right of claiming damages. Therefore, it is of great significance for both parties to stipulate the quantity clauses preciously.



Section Three Quantity clause in sales contract

3. Attentions when making quantity clauses

Important points that should be taken into notice when making quantity clauses

- 1) Understanding very clearly the whole quantity to be delivered both for import and export.**
- 2) The supplying conditions at home market.**
- 3) The supplying conditions at abroad market.**
- 4) The financial standing and management capability of the foreign customers.**
- 5) The price fluctuation both at world market and home market.**



Section Three Quantity clause in sales contract



To sum up, quantity of commodity is indispensable clause and major condition in a sales contract. It is the seller's fundamental obligation to deliver to the buyer goods which are of the quantity stipulated in the contract. It is the quantity basis for delivering and accepting goods, as well as for handling possible disputes. Once the deal is concluded, the seller must deliver goods which are of the quantity required by the contract. Generally, neither more nor less is allowed.

Section Three Quantity clause in sales contract

4. Sample Quantity Clauses (Terms)

- 1) Chinese Northeast Soybean: 6,000tons, gross for net, 3% percent more or less both in quantity and amount at the seller's option.
- 2) The seller is allowed to load 3% more or less, the price shall be calculated according to the unit price in the contract.
- 3) It is agreed that a margin of 10 percent shall be allowed for over or short cover.



Section Three Quantity clause in sales contract

4)

货物名称及规格 Name of Commodity and Specification	数量 Quantity	单价 Unit Price	金额 Amount
Chinese Ceramic Dinnerware 1.DS1511 30-Pieces Dinnerware and Tea Set	542SETS	CIF Toronto USD23.50/ set	USD12,737.00
2.DS2201 20-Pices Dinnerware Set	800SETS	USD20.40/set	USD16,320.00
3.DS4504 45-Pieces Dinnerware Set	443SETS	USD23.20/set	USD10,277.60
4.DS5120 95-Pices Dinnerware Set	254SETS	USD30.10/set	USD 7,645.40
买方有权在 10 %内多装或少装，金额相应增减。Within 10 % more or less both in quantity and amount at the sellers' option.		总金额： Total amount:	USD46,980.00





Thank You !