

# 国际贸易实务(双语版)

## Chapter Eleven Payment of Goods



# **Chapter 11 Payment of Goods**

## **Teaching Plan 7**

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**Teaching time: Two-class hour (90 minutes)**

### **Learning Objectives**

**Master the features of Documentary L/C and Clean L/C, Irrevocable letter of credit, Confirmed letter of credit and Unconfirmed letter of credit, Sight L/C and Time L/C**



## **Important Points:**

- 1.Documentary L/C and Clean L/C**
- 2.Irrevocable letter of credit**
- 3.Confirmed letter of credit and Unconfirmed letter of credit**
- 4.Sight L/C and Time L/C**

## **Difficult Points:**

**Features of Documentary L/C and Clean L/C,Irrevocable letter of credit,Confirmed letter of credit and Unconfirmed letter of credit,Sight L/C and Time L/C**

## **Teaching Methodology:**

**Questions and Answers; Presentation; Group discussion; case analysis**

## **Teaching Aids:**

**PPT, blackboard, multimedia classroom**



## 5. Types of letter of credit

**In international trade, different types of letters of credit are used to meet various requirements of trading and payment. Each type contains a variety of features designed to meet the different needs of buyers, sellers, or the banks involved.**



## **(1) Irrevocable letter of credit (不可撤销信用证)**

**An irrevocable letter of credit constitutes a firm contractual obligation on the part of the issuing bank to honor the terms of payment of the credit issued. The applicant and issuing bank cannot amend or cancel the credit without the express approval of the beneficiary. All letters of credit used in practice nowadays are irrevocable, because under UCP600, revocable L/Cs are no longer acceptable under any circumstances. It is the most common form of credit used in international trade. It is of advantage to the seller, because the seller can get payment as long as he complies with the terms of the letter of credit.**



## **(2) Documentary L/C and Clean L/C**

### **① Documentary credit (跟单信用证)**

**Documentary credit is widely used in international trade. Under a documentary L/C, the opening bank makes payment against the documentary draft or only the documents. The documentary draft is the draft accompanied by shipping documents, the document means the document of title or document certifying that the goods have been delivered, such as B/L, railway bill, air waybill and parcel receipt, etc.**



## **(2) Documentary L/C and Clean L/C**

### **② Clean L/C (光票信用证)**

**Clean L/C is referred to the letter of credit that requires that the opening bank can make payment by the presentation of the draft without documents. Sometimes when the letter of credit does not require the shipping documents, it is also called clean L/C. It is often used when the letter of credit is used as pre-payment.**



### **(3) Confirmed letter of credit and Unconfirmed letter of credit**

#### **① Confirmed letter of credit (保兑信用证)**

**Confirmed letter of credit means another bank (usually the advising bank) adds its guarantee to pay, and its commitment is independent of that of the issuing bank. When the advising bank adds its confirmation to pay, it becomes the confirming bank. Once the confirming bank reviews and confirms that all documentary requirements are met, it will pay the beneficiary. Then the confirming bank will look to the issuing bank for payment. Confirmation is only added to an irrevocable letter of credit at the request of the issuing bank. A confirmed letter of credit is used when the seller do not have confidence that the issuing bank can effectively guarantee payment.**





## **①Confirmed letter of credit**

**For example, the issuing bank is small and unknown to the beneficiary, or when trading in a highrisk area where war or social, political, or financial instability are real threats. By confirming the L/C, the confirming bank undertakes the same liabilities and responsibilities as the issuing bank and has no right of recourse to the beneficiary after payment**

**A confirmed irrevocable letter of credit provides the seller the greatest security since the seller can rely on the commitment of two banks to make payment. The confirming bank will make payment even if the issuing bank cannot or will not pay. However, the bank fee of a confirmed irrevocable letter of credit is much higher than that of an unconfirmed irrevocable letter of credit.**



## ② Unconfirmed letter of credit (不保兑信用证)

Under an unconfirmed letter of credit only the issuing bank assumes the undertaking to pay and no other bank adds its confirmation to pay, thus payment is the sole responsibility of the issuing bank. If the letter of credit is not confirmed by the advising bank, the advising bank is only an agent of the issuing bank. Therefore the advising bank is not liable for making payment to the beneficiary, but only notifies the beneficiary of the L/C and delivers the payment after receiving payment from the issuing bank.

*Brainstorm: In what situation should a credit be confirmed? What kind of bank is usually chosen as the confirming bank?*



## **(4) Sight L/C, Usance (Time) L/C and Usance L/C Payable at Sight**

### **① Sight L/C (即期信用证)**

**Sight L/C means "the L/C by draft at sight" or "L/C by sight draft".**

**Under sight credit, the issuing bank (or its authorized bank) makes payment immediately upon the seller's presentation of the sight draft and shipping documents as stipulated in the L/C. If the payment is made by the bank authorized by the issuing bank, the issuing bank should make reimbursement at once to the former when it delivers the sight draft and the documents to the opening bank**



## **(4)Sight L/C, Usance (Time) L/C and Usance L/C Payable at Sight**

### **② Usance (Time) L/C (远期信用证)**

**When the seller presents a time draft together with the shipping documents stipulated in the L/C to the remitting bank, it checks the documents and then hands over the draft and the documents to the opening bank. The opening bank doesn't pay the money immediately. It just accepts the draft and returns to the seller. When the time draft falls due, the seller presents the draft to the issuing bank again and the issuing bank makes payment at once. For example, "Payable at 60 days sight", "Payable at 60 days after date of bill of lading", "draft at 60 days sight "**



## **(4) Sight L/C, Usance (Time) L/C and Usance L/C Payable at Sight**

### **③ Usance (Time) L/C Payable at Sight (假远期信用证)**

**Usance L/C payable at sight refers to an L/C of which the clauses indicate that it is an usance L/C and that it is a forward draft that requires the issuing bank to pay the seller(beneficiary) on demand (at sight). The expenses such as the draft acceptance charge, discounting interest and service charges are payed by the importer (applicant). So usance L/C payable at sight is also called buyer's usance L/C. For example, "Payment by L/C at 60 days after date of bill of lading payable at sight", " Usance draft to be negotiated at sight basis and discounted by us (issuing bank), discount charges and acceptance commissions are for importer's account".**



## **(5) Transferable L/C & Non-transferable L/C**

### **① Transferable L/C (可转让信用证)**

**A transferable letter of credit means a credit that specifically states it is “transferable”. It can be transferred in whole or in part by the original beneficiary to one or more other parties who become second beneficiaries. A transferred credit cannot be transferred at the request of a second beneficiaries to any subsequent beneficiary. Unless agreed at the time of transfer, all charges (such as commissions, fees, costs or expenses) incurred in respect of a transfer must be for the account of the first beneficiary.**



## ① Transferable L/C

**A transferable letter of credit is often used by a middleman who acts as an intermediary between a buyer and a seller to earn a profit. First, the buyer issues a letter of credit naming the intermediary as the beneficiary. Then the intermediary transfers the credit to the end supplier/producer either in full or in part. So the supplier/producer becomes the second beneficiary. This form of payment is used in situations where the intermediary does not wish the buyer and the actual supplier to know the identity of each other .**

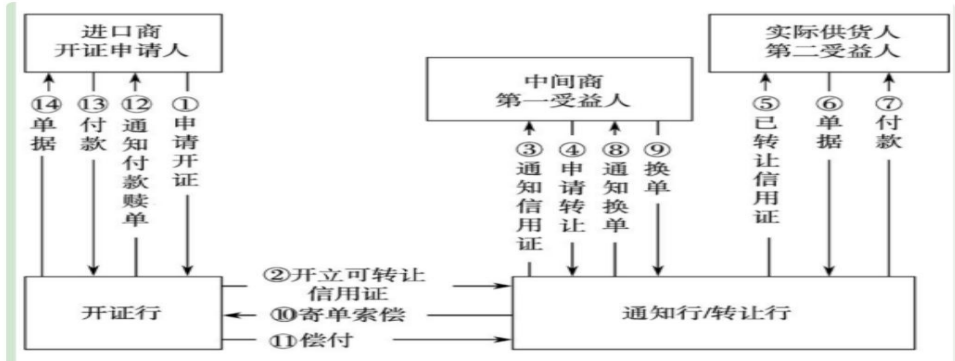


# Procedures of Transferable Letter of Credit

## 可转让信用证操作步骤

有奖励  写回答

- 1、中间商申请转让
- 2、转让行办理信用证转让并通知实际供货人
- 3、实际供货人发货并提示单据、指定银行（转让行）审单付款或承兑或议付。
- 4、转让行通知中间商替换发票和汇票、中间商替换发票和汇票，转让行将二者差额支付给中间商
- 5、转让行向开证行寄单索偿。**可转让信用证**的业务是在一般信用证业务流程之中，加进了上述1-4的环节。



## 扩展资料



## ① Transferable L/C

**Transfer must be effected in accordance with the terms and conditions of the original credit. The following exceptions are permitted under UCP600:**

- the amount of the credit,
- any unit price stated therein,
- the expiry date,
- the period for presentation, or
- the latest shipment date or given period for shipment.

**Any or all of the above may be reduced .**

**The percentage for which insurance cover must be effected may be increased to provide the amount of cover stipulated in the credit.**



## ① Transferable L/C

The name of the first beneficiary may be substituted for that of the applicant in the credit.

If the name of the applicant is specifically required by the credit to appear in any document other than the invoice, such requirement must be reflected in the transferred credit.

Since the transferable letter of credit must be clearly marked "transferable", the buyer knows that the first beneficiary is not the actual supplier. In this form of credit both the buyer and the actual supplier may feel at a disadvantage not knowing each other and placing their trust in an intermediary who does not have the financing to conclude the transaction on his own.



## ② **Non-transferable L/C** (不可转让信用证)

**Non-transferable L/C is referred to the letter of credit that the beneficiary cannot transfer the right of the L/C to others. If there is no "transferable", it means that the L/C is non-transferable.**





**Thank You !**