

# 国际贸易实务(双语版)

## Chapter Eleven Payment of Goods



# Chapter 11 Payment of Goods

## Teaching Plan 9

### Teaching Contents

Section 2 Methods of payment in international trade

III Letter of credit

5. Types of letter of credit

(11)Acceptance letter of credit

(12)Negotiation letter of credit

(13)Sight payment L/C and Deferred payment L/C

6.Credit Application

Teaching time: Two-class hour (90 minutes)

### Learning Objectives

1.Master the features of Acceptance letter of credit ,  
Negotiation letter of credit, Sight payment L/C and  
Deferred payment L/C;

2.Understand the main contents of Credit Application



## Important Points:

1. Acceptance letter of credit
2. Negotiation letter of credit
3. Sight payment L/C and Deferred payment L/C;
4. Main contents of Credit Application

## Difficult Points:

1. Features of Acceptance letter of credit , Negotiation letter of credit, Sight payment L/C and Deferred payment L/C;
2. Credit Application

## Teaching Methodology:

Questions and Answers; Presentation; Group discussion; case analysis

## Teaching Aids:

PPT, blackboard, multimedia classroom



## **(11)Acceptance letter of credit (承兑信用证)**

**Acceptance letter of credit is one kind of usance letter of credit. Unlike a normal letter of credit, the issuing bank or paying bank does not promise to pay the beneficiary immediately upon the first-time presentation of the documents, but only accepts the bill of exchange when it receives the bill of exchange and the prescribed documents, and makes payment upon the second-time presentation of the documents when the bill of exchange matures.**



## **(12)Negotiation letter of credit (议付信用证)**

**Under a negotiation letter of credit, the undertakings of the issuing bank or the confirming bank are directed to a negotiating bank ( a third bank). After the shipment, the seller (beneficiary) presents all the documents required in the L/C to the negotiating bank, the negotiating bank checks the documents to make sure all the documents presented are in accordance with the stipulation in the L/C and purchases the bill of exchange drawn by the seller on the nominated bank (or the issuing bank or such other party specified in the credit) and the documents required under the credit, and then makes the payment to the beneficiary(seller) immediately.**





## **(12)Negotiation letter of credit**

**After making the payment to the beneficiary(seller ), the negotiation bank forwards the documents to the issuing bank for reimbursement. The issuing bank examines the documents and find no discrepancies, and then makes reimbursement to the negotiating bank.**

**But if the issuing bank does not makes reimbursement to the negotiating bank, the negotiating bank has the right of recourse to the beneficiary**



## **(13)Sight payment L/C and Deferred payment L/C**

### **①Sight payment L/C**

**Sight payment L/C is a kind of sight L/C. Under sight payment L/C, as a paying bank, the issuing bank or its authorised bank (a third bank) makes payment immediately upon the complied presentation of the documents stipulated in the L/C. Sight payment L/C may or may not require a bill of exchange.**

**A f t e r m a k i n g t h e p a y m e n t t o t h e beneficiary(seller ), the paying bank has no right of recourse to the beneficiary**



## **(13)Sight payment L/C and Deferred payment L/C**

### **②Deferred payment L/C**

**Deferred payment L/C is a kind of usance L/C. Deferred payment L/C does not require a bill of exchange (draft). The paying bank (the issuing bank or its authorised bank) does not make payment immediately upon the complied presentation of the documents stipulated in the L/C, but makes payment to the beneficiary at a fixed future time.**

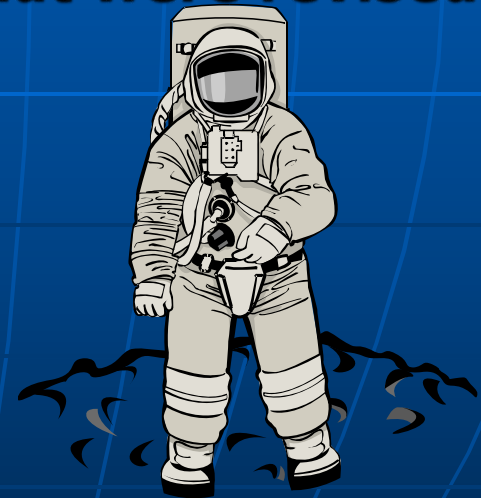
**A f t e r m a k i n g t h e p a y m e n t t o t h e beneficiary(seller ), the paying bank has no right of recourse to the beneficiary**





## **(14)SWIFT letter of credit**

**A SWIFT letter of credit is the letter of credit which is opened or advised by SWIFT. It is often used by banks nowadays. This kind of letter of credit has its special layout designed by SWIFT system. The tags for opening letter of credit by SWIFT system are MT700 and MT701. The MT700 and MT701 standard format were revised in November 2006.**



## **(14)SWIFT letter of credit**

### **Notes:**

**The date and amount are typed in special ways by some banks in SWIFT MT700 format. The date typed is YYMMDD, for example, December 23, 2019 is typed 191223. No decimal points are used to express the amount, but using commas instead, for example, USD36,000.05 is shown USD36000,05.**

### ***Brainstorm:***

***Can you understand the letter of credit? If not, discuss with your teammates and point out what fields that we should pay attention to.***



## **6.Credit Application**

**Both the seller and the buyer sign a sales contract and agree to pay by L/C, then the buyer should apply to a bank (issuing bank) for issuing the relative L/C within the time stipulated in the contract. The following is a sample of Irrevocable Documentary Credit Application. Try to understand the main contents of the application.**



## Main contents of Irrevocable Documentary Credit Application

### IRREVOCABLE DOCUMENTARY CREDIT APPLICATION

TO: BANK OF CHINA LTD., \_\_\_\_\_

DATE:

<input checked="" type="checkbox"/> ISSUE BY SWIFT (WHICH SHALL BE THE OPERATIVE INSTRUMENT) <input type="checkbox"/> WITH BRIEF ADVICE BY TELETRANSMISSION	IRREVOCABLE DOCUMENTARY CREDIT	NUMBER:
	EXPIRY DATE PLACE OF EXPIRY/PRESENTATION	
APPLICANT (NAME AND ADDRESS, TEL NO., FAX NO., IF ANY)	BENEFICIARY (NAME AND ADDRESS, TELNO., FAX NO., IF ANY)	
ADVISING BANK SWIFT CODE:	AMOUNT	





## Main contents of Irrevocable Documentary Credit Application

PARTIAL SHIPMENT <input type="checkbox"/> ALLOWED <input type="checkbox"/> ALLOWED IN _ LOTS ONLY <input type="checkbox"/> NOT ALLOWED	TRANSHIPMENT <input type="checkbox"/> ALLOWED <input type="checkbox"/> ALLOWED VIA ONLY <input type="checkbox"/> NOT ALLOWED	CREDIT AVAILABLE WITH <input type="checkbox"/> ISSUING BANK <input type="checkbox"/> BY SIGHT PAYMNT <input type="checkbox"/> BY ACCEPTANCE <input type="checkbox"/> BY DEFERRED PAYMENT <input type="checkbox"/> _____(NOMINATED BANK) <input checked="" type="checkbox"/> ANY BANK IN <input checked="" type="checkbox"/> BY NEGOTIATION AGAINST THE DOCUMENTS DETAILED HEREIN <input checked="" type="checkbox"/> AND BENEFICIRY'S DRAFT FOR % OF INVOICE VALUE AT
DISPATCH/TAKING IN CHARGE/SHIPMENT AT/FROM (44A): PORT OF LOADING(44E): PORT OF DISCHARGE(44F): FOR TRANSPORTATION TO(44B): LATEST DATE OF SHIPMENT: (OR SHIPMENT SCHEDULE)		







## Main contents of Irrevocable Documentary Credit Application

### DOCUMENTS REQUIRED (MARKED WITH X):

- 1.( ) MANUALLY SIGNED COMMERCIAL INVOICE(S) IN\_\_ ORIGINAL(S) AND COPY(IES) INDICATING L/C NO. AND CONTRACT NO. (PHOTO COPY AND CARBON COPY NOT ACCEPTABLE AS ORIGINAL)
- 2.( )  FULL SET/ 2/3 ORIGINALS CLEAN ON BOARD OCEAN BILLS OF LADING IN ORIGINAL(S) PLUS\_\_ NON-NEGOTIABLE COPY(IES)  MADE OUT TO ORDER AND BLANK ENDORSED/  MADE OUT TO \_\_\_\_\_, MARKED “FREIGHT  PREPAID/ COLLECT”, NOTIFYING \_\_\_\_\_
- 3.( ) AIR WAYBILL(S) IN\_\_ ORIGINAL(S) AND \_\_\_\_\_ \COPY(IES) CONSIGNED TO SHOWING FREIGHT  PREPAID/ COLLECT INDICATING ACTUAL FLIGHT DATE AND NO.
- 4.( ) RAILWAY BILL(S) IN\_\_ ORIGINAL(S) AND\_\_ COPY(IES) CONSIGNED TO \_\_\_\_\_ SHOWING FREIGHT  PREPAID/ COLLECT
- 5.( ) CARGO RECEIPT IN\_\_ ORIGINAL(S) AND\_\_ COPY(IES) ISSUED BY \_\_\_\_\_, SHOWING THE CARGO RECEIPT DATE AND CONSIGNED TO APPLICANT.
- 6.( ) FULL SET OF INSURANCE POLICY/CERTIFICATE IN\_\_ ORIGINAL(S) PLUS\_\_ NON-NEGOTIABLE COPY(IES) FOR 110% OF THE INVOICE VALUE, SHOWING CLAIMS PAYABLE IN CHINA, IN CURRENCY OF THE L/C, BLANK ENDORSED, COVERING ( OCEAN MARINE TRANSPORTATION/ AIR TRANSPORTATION/ OVERLAND TRANSPORTATION)  INSTITUTE CARGO CLAUSES A/ C.I.C.ALL RISKS, WAR RISKS, \_\_\_\_\_ RISKS.





## Main contents of Irrevocable Documentary Credit Application

- 7.( ) PACKING LIST/WEIGHT MEMO IN\_\_ ORIGINAL(S) AND \_\_ COPY(IES) ISSUED BY INDICATING QUANTITY/GROSS AND NET WEIGHTS OF EACH PACKAGE AND PACKING CONDITIONS(AS CALLED FOR BY THE L/C).
8. ( ) CERTIFICATE OF QUANTITY /WEIGHTS IN \_\_ ORIGINAL(S) AND \_\_ COPY(IES) ISSUED BY\_\_\_\_ INDICATING THE ACTUAL SURVEYED QUANTITY/WEIGHT OF SHIPPED GOODS AS WELL AS THE PACKING CONDITION.
- 9.( ) CERTIFICATE OF QUANTITY IN\_\_ ORIGINAL(S) AND \_\_ COPY(IES) ISSUED BY .
- 10.( ) A COPY OF[ ]FAX/[ ]EMAIL ADDRESSED TO THE APPLICDANT CERTIFIED BY BENEFICIARY WITHIN [ ]\_\_HOURS/ [ ]\_\_DAYS AFTER SHIPMENT ADVISING SHIPMENT DATE, QUANTITY, WEIGHT,VALUE OF SHIPMENT AND [ ]NAME OF VESSEL/ [ ] FLIGHT NO./ [ ] WAGON NO.
- 11.( ) BENEFICIARY'S CERTIFICATE CERTIFYING THAT 1/3 ORIGINAL B/L HAVE BEEN DISPATCHED TO THE APPLICANT BY COURIER.
- 12.( ) BENEFICIAEY'S CERTIFICATE CERTIFYING THAT EXTRA COPIES OF DOCUMENTS HAVE BEEN DISPATCHED TO THE APPLICANT.
- 13.( ) OTHER DOCUMENTS, IF ANY:  
COVERING:  
DESCRIPTION OF GOODS:  
QUANTITY:  
UNIT PRICE:  
TOTAL VALUE:            PRICE TERM [ ] FOB \_\_\_\_/[ ] CFR \_\_\_\_/[ ] CIF \_\_\_\_/[ ] OTHER  
TERMS:  
PACKING  
GOODS UNDER CONTRACT NO.



## Main contents of Irrevocable Documentary Credit Application

### ADDITIONAL INSTRUCTIONS:

- 1.( ) THIS L/C IS SUBJECT TO [X ] UCP LATEST VERSION / [ ] UCP500.
- 2.( ) ALL BANKING CHARGES OUTSIDE THE OPENING BANK AND REIMBURSEMENT CHARGES ARE FOR BENEFICIARY'S ACCOUNT
- 3.( ) DOCUMENTS MUST BE PRESENTED WITHIN \_\_\_ DAYS AFTER [ ] THE B/L DATE/[ ] THE ISSUANCE DATE OF [ ] TRANSPORT DOCUMENTS/ [ ] CARGO RECEIPT BUT WITHIN THE VALIDITY OF THIS CREDIT.
- 4.( ) THIRD PARTY AS SHIPPER IS NOT ACCEPTABLE. SHORT FORM/BLANK BACK B/L IS NOT ACCEPTABLE.
- 5.( ) BOTH QUANTITY AND AMOUNT \_\_\_% MORE OR LESS ARE ALLOWED.
- 6.( ) ALL DOCUMENTS TO BE FORWARDED IN \_\_\_ LOT(S), UNLESS OTHERWISE STATED ABOVE.
- 7.( ) ALL DOCUMENTS MUST BE MADE OUT IN ENGLISH.
- 8.( ) THIRD PARTY DOCUMENTS EXCEPT INVOICE AND DRAFT ARE ACCEPTABLE.
- 9.( ) ALL DOCUMENTS MUST INDICATE \_\_\_\_\_.
- 10.( ) B/L SHOWING PORT OF DISCHARGE AS \_\_\_ AND FINAL DESTINATION/PLACE OF DELIVERY AS \_\_\_ IS ACCEPTABLE.
- 11.( ) [ ] MULTIMODAL B/L [ ] CHARTER PARTY B/L [ ] \_\_\_\_\_ B/L IS ACCEPTABLE.
- 12.( ) OTHER TERMS, IF ANY:

ACCOUNT NO:  
TRANSACTION BY:  
TELEPHONE NO:

WITH \_\_\_\_\_  
(APPLICANT: NAME, SIGNATURE OF AUTHORIZED PERSON)  
(WITH SEAL)







**Thank You !**