5th Worksheet:

INTERNATIONAL TRADE

I. Vocabulary

foreign trade (overseas trade, external trade) – trade with other countries

balance of payments – a record of all transactions between e.g. Britain and other countries, and a comparison of income and outgoings

devaluation – cutting the external value of a country's currency

exchange control – limiting the amount that can be spent on foreign goods or services

tariffs – taxes on imported foreign goods

quotas – maximum amounts or numbers of foreign goods which may be imported

customs union – a group of countries that impose no tariffs on each other's goods

embargo – a complete ban on trade with a particular country, usually imposed for political reasons

subsidy – money given by the government to domestic producers to give them an advantage against foreign firms in the home and export markets

export/import licence – documents which allow goods to be exported or imported

agent – a person or organization having power to act for another (the principal) in making business arrangements with third parties and in buying and selling goods

sole agency – an agreement to be the only person or organization to represent a company or to sell a product in a certain area

commission – money paid to a salesman or an agent, usually a percentage of the sales made

visible trade – trade in goods (foodstuffs, raw materials, finished goods)

invisible trade – trade in services (insurance, banking, shipping and air services, tourism, etc.)

insurance policy – a contract by which the insurer, in return for a payment called a premium, binds himself to pay the person named in the policy a certain sum of money when a stated event happens

freight – cost of transporting goods by air, sea or land; goods which are transported

customs duty – tax paid on goods brought into or taken out of the country

bill of lading (B/L) – list of goods being shipped, which the transporter gives to the person sending the goods to show that the goods have been loaded

title to the goods – right to own the goods

invoice – a note listing the prices of the individual items and the total amount due and asking for payment

draft – order for money to be paid by a bank, bill of exchange

bill of exchange (B/E) – a written order telling a bank to pay a certain sum of money to a named person on demand or at a certain time in future (usually used in payments in foreign currency)

letter of credit (L/C) – letter from a bank allowing someone credit and promising to repay at a later date

quotation – estimate of how much something will cost

II. Vocabulary Practice

1. Decide which word or phrase fits the definition:

1. a record of all transactions between one country and other countries
   a) exchange control b) balance of payments
2. taxes on imported foreign goods
   a) embargo b) tariffs
3. money given by the government to domestic producers to give them an advantage against foreign firms
   a) deficit b) subsidy
4. cutting the external value of a country's currency
   a) exchange control b) devaluation

5. maximum amounts or number of foreign goods which may be imported
   a) quotas b) tariffs
6. money paid to a salesman or an agent, usually a percentage of the sales made
   a) sole agency b) commission
7. cost of transporting goods by air, sea or land
   a) subsidy b) freight
8. list of goods being shipped, which the transporter gives to the person sending the goods to show that the goods have been loaded
   a) invoice b) bill of lading
9. tax paid on goods brought into or taken out of a country
   a) export/import licence b) customs duty
10. a letter from a bank allowing someone credit and promising to repay at a later date
    a) bill of exchange b) letter of credit
11. an estimate of how much something will cost
    a) quotation b) draft
12. a written order telling a bank to pay a certain sum of money to a named person (usually used in payments in foreign currency)
    a) cheque b) bill of exchange
13. a note listing the prices of the individual items and the total amount due and asking for payment
    a) draft b) invoice

III. Reading: International Trade

The United Kingdom is a small, densely populated island which must import on a massive scale to compensate for the inadequacies of its domestic production. The chief imports are foodstuffs, raw materials and consumer goods. To pay for these, the U.K. must export, but this is a risky business and is undertaken only because of the high profits that may be possible, and because of the assistance given by the government and other agencies in the form of information and financial help. If a country's imports exceed its exports, its balance of payments is in deficit.

In recent years, movements to free trade and increase in living standards by forming common markets or customs unions have grown among countries. This trend is likely to spread so that countries share the benefits of their specializations and superior productivities naturally, without artificial restrictions such as tariffs and quotas. By such means, the world's resources may be more efficiently used and its produce more effectively distributed so that its problems of increasing population may be partly solved. On a world-wide basis, when large multinational companies participate in cooperation, we speak about globalization of the economy.

Balance of Trade

The balance of trade concerns only visible trade: foodstuffs, raw materials and finished goods, which can actually be seen. The difference between visible exports and visible imports is called the balance of trade or visible balance. Normally, we have a deficit here, because we tend to import more goods than we export.

In addition, there is considerable invisible trade in services as distinct from goods. Examples are insurance, banking, shipping and air services, tourism, royalties, interest, dividends and other foreign currencies that we earn; from this we must subtract net government expenditure abroad. The difference between such exports and imports is called invisible balance. These two balances (visible and invisible), when added together, are called the current balance, or the balance of payments. A visible deficit may be more than counterbalanced by an invisible surplus, giving an overall current account surplus.

IV. Comprehension Check

2. Find the words in the right-hand column that match the words closest in meaning in the left-hand column:

1. not natural	high profit
2. inadequacy	to exceed
3. much money gained	to share
4. to produce	domestic production
5. to be higher than	shortage
6. to have a part of	consumer goods
7. production within a country	risky
8. things shoppers buy	superior
9. unsafe	artificial
10. better than	to manufacture

3. Explain or give a word/phrase with similar meaning:

a densely populated country – on a massive scale – chief exports – to undertake a business – to be in deficit – free trade – superior productivity – restrictions – world's resources – common market – globalization

4. Answer the following questions:

1. Name two kinds of visible import.
2. Name two kinds of invisible export.
3. What is the balance of trade?
4. What is the balance of payments?
5. What are tariffs?
6. What are import quotas?
7. What is the bill of lading?
8. Why do we have customs officers?
9. Why must a country import certain products?
10. What can the benefits of free trade be?

5. Prepare a paper to be presented at an informal meeting:

The fields of your country's economy that could be best used to promote visible (or invisible) trade.

6. Decide whether the following statements are true (or under which conditions they are true) or false and explain why you decided so:

1. A bill of lading is the document of title to the goods.
2. Buying goods from another country is exporting them.
3. If no duties are charged on imported or exported goods, the goods are dutiable.
4. The charge made for carrying goods from one country to another is the freight charge.

5. If goods are damaged or lost, their value will be compensated by an insurance company.
6. Payment by a bill of exchange is in fact a form of giving credit.
7. The balance of trade is the difference between visible exports and visible imports.
8. The chief imports into the U.K. are chemicals, electronics and meat.
9. If a country's imports are lower than its exports, its balance of payments is in deficit.
10. Exporting goods abroad is a safe business.

7. Translate the phrases into English:

1. celní poplatky 2. vlastnické právo (na zboží) 3. zaplatit šekem 4. otevřít akreditiv 5. hradit přepravné 6. zaplatit směnku 7. stanovit kvóty 8. platební bilance 9. uvalit embargo 10. požádat o dovozní povolení 11. výhradní zastoupení 12. pojistná smlouva 13. zaplacená faktura 14. zahraniční zboží 15. domácí výrobci 16. procento z prodeje 17. dopravovat letecky 18. vyvážené zboží 19. lodní dopravní služby 20. zastupovat společnost/firmu, 21. provize

8. Choose words from the box to complete the conversation:

documentation	customs	declaration
present	transport	licence
stencilled	pro forma	bill of lading

A: So you feel that the 1) .... isn't complete yet?

B: No, I'm afraid not. I'm not at all sure what 2) .... has been arranged to get the goods to Southampton.

A: I'll ask our shipper – we're using Carson and Napier this time – and I'll get them to let you know.

B: Please make sure that we get a list of the marks 3) .... on the container.

A: Yes, I'll do that. And we have the export 4) ...., which we'll send on to you. We've made the 5) .... at the consulate, so we're getting the consular invoices. Will you send it through to the importing 6) .... authorities, or shall we do it?

B: We'll do that for you. Have you sent a copy, with the other documents, to your bank so that they can 7) .... them all through the Bank of South America?

A: Not yet, because there's been a delay with the 8) .... For some reason they've put the wrong number of packages on it, so we're just waiting for that to be cleared up. We'll get it off as soon as we can.

B: Good. And there should be no trouble with the terms since they've already seen a 9) .... invoice.

A: No, there was no problem at all.

V. Supplementary Reading: Bills of Exchange

A bill of exchange is defined, by the Bills of Exchange Act, 1882, as follows:

"An unconditional order in writing addressed by one person to another signed by the person giving it requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a certain sum in money to or to the order of a specified person or to a bearer."

This legal wording may sound complicated. It means that a bill of exchange can be used as credit for a fixed time (often three months) by the person who owed money. If the bill of exchange is payable 'at/on sight', there is no credit and payment must be made immediately.

Some abbreviations used in international trade:

IMF	International Monetary Fund
GATT	General Agreement on Tariffs and Trade
EFTA	European Free Trade Area
CEFTA	Central European Free Trade Area
NAFTA	North American Free Trade Area
ECU	European Currency Unit
ERM	European Rate Mechanism
OECD	Organization for Economic Cooperation and Development

9. Translate:

1. Zahraniční obchod je nutnou součástí hospodářství každé země. 2. Dovážejí se výrobky, které domácí výroba nedodává vůbec nebo v nedostatečném

množství. 3. Vláda poskytuje pomoc vyvážejícím podnikům ve formě informací a finanční pomoci. 4. Snahou každé vlády je zabránit deficitu v platební bilanci. 5. Jedním z prostředků, jak se bránit deficitu, je devizová kontrola, tj. omezení výdajů na zahraniční zboží a služby. 6. Celní unie usnadňují pohyb zboží mezi zeměmi. 7. Tendence ke společným trhům v posledních letech stále roste. 8. Někdy jsou nutná umělá omezení obchodu mezi státy. 9. Důvody pro uvalení embarga jsou obvykle politické. 10. Mezinárodní obchod přispívá k účelnějšímu rozdělování světové výroby.

V. English-Czech Vocabulary

agency	zastupitelství, agentura
agent	zprostředkovatel; zástupce, agent
balance	bilance, rovnováha; zbytek; zůstatek
balance of payments	platební bilance
balance of trade	obchodní bilance
bill of exchange	směnka
bill of lading	konosament
commission	provize; komise
common market	společný trh
currency	měna, oběživo
customs duty	clo, celní poplatek
customs union	celní unie
deficit	deficit, schodek, manko
devaluation	devalvace, znehodnocení
draft	platební příkaz, vydaná směnka; vystavení směnky
duty	povinnost; clo
embargo	embargo, obchodní blokáda
exceed	překročit (míru), přesahovat, převyšovat
exchange control	devizová kontrola
export licence	vývozní povolení

food(stuffs)	potraviny
foreign currency	cizí měna
freight	náklad; doprava; dovozné, dopravné
import licence	dovozní povolení
inadequacy	nepřiměřenost, nedostatečnost
insurance	pojištění
insurance policy	pojistná smlouva
insurance premium	pojistné
invisible trade	obchod se službami, neviditelný obchod
invoice	faktura; fakturovat
letter of credit	akreditiv
quota	kvóta, kontingent, poměrný díl
quotation	nabídka (s udáním ceny)
raw material	surovina
restriction	omezení, omezovací opatření, restrikce
royalty share	poplatek (stanovený procenty ze základu nebo výnosu), podíl ze zisku, honorář, licenční poplatek podíl, akcie; podílet se na něčem, sdílet něco
shipment	lodní zásilka
shipping services	dopravní (přepravní) služby
sole agency	výhradní zastoupení
sole agent	výhradní zástupce
subsidy	podpora, subvence; příspěvek, dotace
superior	lepší, kvalitnější; výběrový; nadřízený, představený
surplus	přebytek
tariff	clo, celní tarif; tarif
title (to the goods)	právní nárok, vlastnické právo (na zboží)
visible trade	obchod se zbožím, viditelný obchod
IMF	Mezinárodní měnový fond
GATT	Všeobecná dohoda o clech a obchodu

EFTA	Evropská zóna volného obchodu
CEFTA	Středoevropská zóna volného obchodu
NAFTA	Severoamerická zóna volného obchodu
ECU	Evropská měnová jednotka
ERM	Evropský kurzovní mechanismus
OECD	Organizace pro hospodářskou spolupráci a rozvoj