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# The Teaching of Foreign Trade in Business English

Nobumitsu Takahashi

## I. Introduction

The academic subject titled *Shōgyō Eigo* or “Business English” is provided and taught at many Japanese universities and junior colleges. Business English is defined, in short, as “English as used in business.”<sup>1</sup> The concept of business is broad and deep, so the area of Business English as the object of teaching must be kept separate from that of researching. Moreover, it is not necessary to teach all the results of the research made in Business English.

When it comes to business in which communication in English is performed in Japan, the frequency and volume of English usage show, in fact, that foreign trade overwhelmingly predominates in all of business. Almost all foreign trade is conducted by “foreign trade companies” such as foreign trade firms which belong under the distribution industry (hereinafter called “Shoshas”) and manufacturers who are engaged in foreign trade. As “foreign trade companies” have been an entity in the era of globalization, we have perceived their transaction forms to be diversified.

It is often said that we cannot learn a language without knowing its content/substance as is the case with Business English. It seems

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1 Webster's Third New International Dictionary of the English Language (Springfield, Mass: Merriam-Webster, 1986).

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impossible to master only Business English without having the knowledge of foreign trade, or the business situation. Moreover, foreign trade has also now become diversified and broad in range.

In the English Department of Osaka University of Foreign Studies (OUFS), we have a one year course in Business English during which there does not seem to be enough time to give lectures on both the subjects of Business English itself and foreign trade which lies behind that. For the purpose of teaching Business English under these circumstances, this paper intends to show an effective teaching method for foreign trade by representing the business situation as Business English, further restricting the area of foreign trade to import-export trade, dividing the whole import-export trade process into five stages, and making a model flow chart. Each of the five stages includes an outline of explanation.

## II. Business English

What Business English or Business English Study is will be examined here, although it has already often been discussed at the Japan Business Association's symposiums, and in individual research reports, papers, and books. In Webster's Third, Business English is defined as "English as used in business."<sup>2</sup> This means that what may be called "general English" used in a business situation is Business English.

According to the enunciation made by Professor Toshio Togawa in his paper, Business English is a special part of the English

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2 Webster's Third, 1986.

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language. Business English Study is one element of English Linguistics and is, therefore, in essence, English Linguistics. However, because a special linguistical phenomenon is the object of Business English Studies, it is recognized as an independent department. This special characteristic per se is a substantial attribute of Business English.<sup>3</sup>

Professor Mikito Nakamura writes furthermore on the definition of Business English in terms of a Business English phenomenon which explains more about the special linguistical phenomenon:

I should like to define the Business English phenomenon as "a dynamic language conducted by means of English to convey an idea with a view to producing a certain actual effect *in business*." (italics by writer)...

Business English is language which is realized by the business "situation" working on the *langu*—in this case, English. This is the essential nature of the Business English phenomenon...

The linguistic situation is constantly changing, never remaining static for a moment. This is particularly so with Business English phenomena in which the linguistic "situation" overlays the business "situation," and the former, never detaching from the latter and constantly being affected by it, makes its own development. Only in this "overlapping of the situation" can we grasp the essential nature of the Business English phenomenon which is different from ordinary English.<sup>4</sup>

Nakamura states that the Business English phenomenon is the object of studies and research in Business English.

Professor Masatoshi Nakauchi states in his thesis:

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3 Toshio Togawa, "Shōgyō Eigo Gaku Hōhōron Kanken" (A View on the Methodology of Business English Studies), *The Japan Business English Association*, Bulletin 1957, pp.67-69.

4 Mikito Nakamura, *Business Communication Ron* (The Theory of Business Communication) (Tokyo: Dōbunkan 1989), pp.49-51.

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Business English is business communication in English. In other words, the object of its studies is communication in English in order to pursue operations *in business*.<sup>5</sup> (translation and italics by writer)

As we can see from the above, Business English is not, as hitherto believed, a system of singular expressions or jargon. It is English which is realized by the business situation working on the language. As for Business English studies, when we consider the special characteristic of Business English or the Business English phenomenon as *a relative concept* in contrast to the substance of the English language, Business English Studies should essentially be English linguistics. Business English can be defined as dynamic linguistic activities in English for communication in a special field of the business situation.

### III. Business English for Foreign Trade

As mentioned before, Business English studies are vast and profound in area. As a matter of course, it would be better to consider researching and teaching Business English as two different things, although I am not saying that there is no relationship between the two. That is to say, the area of Business English as the object of teaching must be detached from that of researching. All the results of the research done on Business English are not necessarily required to be taught as they exist, especially as long as the future practicality of Business English is intended.

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5 Masatoshi Nakauchi, "Shōgyō Eigo no Honshitsu" (The Substance of Business English), *The Japan Business English Association, Annual Studies* 1982, p. 69.

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Where Business English is used must first be defined in order to know the area of Business English. In comparison with English-speaking countries including the U.K. and U.S.A., the Japanese business environment in which English is used is much more limited. First of all, the field of Business English generally recognized is classified into either written or spoken communication. Business English through written communication is classified in Japan as follows: (translation by writer)

- ① Communication in writing form for profit-making activities conducted by Shoshas, banks, manufacturers, insurance companies, shipping companies, carriers, forwarding agents, and other various individuals and companies doing business activities, (including internal communication), e.g. letters, cables, telexes, facsimiles, etc.
- ② Legal documents — agreements and contracts for business activities, forms and written communication to negotiate and settle legal issues.
- ③ Technical documents, instruction manuals, specifications, industrial standards, etc.
- ④ Copies of advertisements, catalogs, brochures of companies, etc.
- ⑤ Theses, books, publications, etc. on business and other related activities.<sup>6</sup>

As seen from the above classification, the area in which English

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6 Shigeyuki Hirata et al., *Bōeki Eigo, Business Communication Nyūmon* (Business English for Foreign Trade, Gateway to Business Communication) (Tokyo: Hitotsubashi Shyuppan, 1985), p. 20.

is communicated and used practically, in terms of frequency and volume, is mostly concentrated within the circles of foreign trading businesses such as Shoshas, manufacturers doing import-export transactions, etc. Also included within these circles are related businesses such as foreign exchange banks, shipping companies, air carriers, insurance companies, freight forwarders, and the like.

Therefore, in Japan, *Shōgyō Eigo* (Business English) can be justifiably called *Bōeki Eigo* or Business English for Foreign Trade. On that account it is necessary to acquaint students with the business situations, operations and practices of foreign trade.

When it comes to teaching Business English in Japan, *Bōeki Eigo* is taught with consideration to its practicality in Japan and facilities for study. That is to say, it is taught corresponding to the actual fact that the extensive use of English in Japan is mainly found in foreign trade business and related business circles. *Bōeki Eigo* exists as a part of Business English. As so defined, students will more easily understand the business situations in which English communication is found. Because foreign trade as a business situation is very concrete, it is easier for students to place a focus on it.

#### IV. *Bōeki Eigo* (Business English for Foreign Trade) and Foreign Trade

Foreign trade as it relates to *Bōeki Eigo* will be examined here.

As for the trading of goods, Japanese foreign trade has become diversified, internationalized and globalized under the influence of the dynamically changing global business environment. This includes such things as the large amount of Japanese foreign trade surplus,

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the rapid democratization of the former Soviet Union and Eastern Europe, the EC market integration, the US-Canada Free Trade Agreement, the Japan-US Structural Impediments Initiative, and the Gatt Uruguay Round. In addition to conventional import-export trade, the Japanese have been moving their offices abroad, transferring their production bases to overseas markets, and manufacturing overseas. Furthermore, they have been practicing intermediary or switch trade. In teaching *Bōeki Eigo*, this diversified foreign trade, in correlation to *Bōeki Eigo*, is still too vast and too deep to be covered without further restricting it.

This foreign trade is classified into two categories; “foreign trade in a narrow sense” and “trade overseas.” The former means the trade where goods are cleared through customs of one’s country and transported across the borders through two ways—import trade and export trade. The latter (“trade overseas”) is where the overseas goods, which are not cleared through customs of one’s country, are transported and supplied to other overseas markets. Typical examples of this are “intermediary (cross) trade” and “switch trade.”

Foreign trade practices entail indispensable common processes, formalities, and trade techniques. The trade practices in import-export trade are fundamental. The knowledge of trade practices in “overseas trade” can be based on import-export trade practices, and moreover can be applied, developed and specialized from them. In teaching *Bōeki Eigo*, therefore, using import and export trade as the business situation for *Bōeki Eigo* is very appropriate for students to further place their focus.

The relation between import and export trade looks like the head and tail of a coin. The one which is more focused on in teaching

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will be examined below.

Due to the required expansion of domestic demand in Japan, the huge trade surplus, the strength of the Yen, etc., more import trade has been urged. We may say that teaching import trade first and intensively is very timely. However, goods are generally oversupplied in the world market, which is called the buyer's market, where the buyer is in a king's position. In the buyer's market, as long as people have money, anyone in Japan can purchase most goods from anywhere. Since the import trade stands on purchasing, the buyer's position is normally stronger. Therefore, in importing trade it does not matter so much whether communication in English is effective or not as it is when compared to that in exporting.

In the case of exporting, the seller must canvas for a sale in the vast world markets with a good command of English by what is known as "letting letters do business." It is required that the seller (exporter) learn such things as human psychology and persuasion principles, and that he must have a working knowledge of English to practice these principles in order to persuade the buyer through effective communication. Therefore, in teaching *Bōeki Eigo*, there is more attention given to export trade.

### V. The Entity of Import-Export Trade

The entity of foreign trade is a trading company. Whatever trading form it is—import, export or trade overseas, if we limit it to only the goods transaction, the enterprise engaging in foreign trade business is categorized into the distribution industry. This is because foreign trade is the international distributive operation for

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the goods. To speak more concretely, the Shosha exactly fits the case.

On the other hand, although he is primarily not a distributor, the manufacturer whose purpose in management is to make goods, usually entrusts the Shosha with the purchasing of raw materials needed for his production and with selling the manufactured goods.

If the manufacturer requires foreign-produced raw materials and finds that it will be more advantageous, in regard to price, quality or securing a stable supply, to lay in direct from suppliers abroad and not through the Shosha, he will be engaged in import trade himself. Likewise, concerning the sales of his products, if the manufacturer wishes to expand the market or promote and enlarge the sales in accordance with his plans, he will export his products himself, not through the Shosha, in order to do more profitable business. In this way, the manufacturer has become a dealer—the importer and exporter, same as the Shosha. These sorts of transactions done by the manufacturer are called *Chokusetsu Bōeki* (*Chokubo*) or Direct Foreign Trade.

Now let's look at the actual circumstances in Japan according to the statistical survey conducted in 1990. Out of the total number of enterprises engaged in foreign trade, the number of Shoshas was 7,759 and accounted for 66.8 per cent, manufacturers were 3,415 in number or 29.4 per cent, 22 department stores accounted for 0.2 per cent, and the remaining 3.6 per cent was comprised of enterprises which did foreign trade in addition to their original business, e. g. shipping companies, warehouse companies, freight forwarders, etc.

As for export values, Shoshas accounted for 47.9 per cent of the total, manufacturers 51.5 per cent, and others 0.6 per cent. In regard to import values, Shoshas' share was 79.3 per cent, manufacturers

19.5 per cent, department stores 0.2 per cent and others 1.0 per cent.<sup>7</sup>

The statistics show that the "foreign trade company" consists of both the Shosha and the manufacturer engaging in *Chokubo*, or Direct Foreign Trade.

In teaching *Bōeki Eigo*, the effectiveness of the Shosha and the manufacturer from a perspective of future practicality will be examined next.

The 66.8 per cent proportion of Shoshas represents more than half of the total number of enterprises involved in foreign trade. In addition, Shoshas accounted for almost half of the export business and approximately 80 per cent of the import business in value. Judging from these current conditions in Japan, teaching *Bōeki Eigo* on the basis of Shoshas' business is more pragmatic and practical.

Looking at the values of export, however, manufacturers exported almost as much as Shoshas. This indicates that there is a trend in which the proportional amount of export by manufacturers has been gradually but steadily increasing since 1980 and will continue to rise in the future. Furthermore, machinery and equipment were the main products exported directly by manufacturers, and accounted for 87.4 per cent of the total manufacturers' export amount in 1990.<sup>8</sup> Machinery and equipment consist of high-technology products which can be said to represent the wealth-earners of Japan. For that reason, there should also be manufacturer-oriented *Bōeki-Eigo* to cope with the

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7 *Bōeki Gyōtai Tōkeihyo 1991* (The Statistics on the Business Conditions of Foreign Trade, 1991) (Tokyo: The Ministry of International Trade and Industry), pp.6-7.

8 *Ibid.*, p.20.

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advance of *Chokubo* manufacturers. However, in fact, there are almost no textbooks dealing with this subject.

Whether from the Shoshas' position or the manufacturers', foreign trade has common basic processes, procedures, and practices, and it is essential to let students fully understand them. In the future, a student has only to make adjustments which are based on the knowledge and techniques of these foreign trade practices in order to take the position of either a Shosha or a manufacturer.

### VI. Foreign Trade Practices

In doing import-export business, both Shoshas and manufacturers must observe the rules, principles, processes, and procedures as well as transaction techniques which are customary in the foreign trade circles. These are all collectively called "foreign trade practices." If importers or exporters underrate the importance of foreign trade practices and disregard them, transactions and communication will not go smoothly and in the worst case a claim may be filed.

It is almost impossible to learn the language (*Bōeki Eigo*) without also having the proper knowledge of foreign trade practices. In teaching *Bōeki Eigo*, this is, therefore, a key point in how to effectively teach these foreign trade practices of import-export business within a limited time.

First of all, the general view on foreign trade practices in import-export business is shown in class. As the area of import-export trade is broad, it is further restricted and basic factors of the transactions are selected. These individual transactions in import-export trade are ranged according to a time series. A chart of the flow of transactions

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is shown as a model (see chart). At the beginning of the course, students must grasp an understanding of the flow from start to end by using this chart. After that, explanations of the practices are given and then the class proceeds to *Bōeki Eigo*, business communication in English between the two parties.

In grasping the general view first, it becomes easier for students to understand the situation in which communication is made in the total flow, and under what background conditions it is made.

VII. The Scope and Flow of Import-Export Trade Practices

In this supposition, there are exporters, "Company A," and importers, "Company B." I have classified a series of import and export trade practices between the two parties (Company A and Company B) into the following five stages according to the passage of time.

1. Stage 0     Market Survey and Marketing Research for  
                         Import or Export
2. Stage I     Establishing Business Relations
3. Stage II    Concluding Sales Contract
4. Stage III   Executing Sales Contract and Settlement
5. Stage IV    Claims and Adjustments

1. Stage 0     Market Survey and Marketing Research for Import  
                         or Export

When A or B wishes to do export or import business, it is first necessary to make export or import marketing research plans most appropriate for himself. These marketing research plans are made on

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the basis of the market survey. "Market Survey" means a research of how the market is. "Marketing Research" involves a research on not only how the market conditions are, but also on how to approach the target market thus taking a more active role. Based on the results of the market survey, A or B decides whether he will enter the market. If he decides to enter the market, he then makes marketing research plans appropriate for the market, selects the market to enter, and finally enters the market.

At this stage, A and B are individually doing marketing activities based on his own marketing plans. So before the two parties meet, they do not have any contact with each other. This is, therefore, called "Stage Zero (0)" because there is no communication between them. From A's side export marketing activities are seen, and from B's side import marketing activities are seen.

On account of the limit of time and another field of studies called "Marketing," the marketing activities at this stage are not explained in detail but are just introduced in class.

### 2. Stage I Establishing Business Relations

The growth of the import and export business as expected depends basically on whether competent business relations can be established. If one's counterpart is incompetent in business, he cannot expect good results even though the goods being dealt in are promising in sale and proficient business skills are employed.

After the promising market and country have been screened in the previous stage, the trade practices in this stage are grouped according to the following four factors: ① Seeking the Counterpart ② Business Proposal ③ Credit Inquiry and ④ Arranging the General Terms

and Conditions of Business.

① Seeking the Counterpart

Ways to screen the counterpart are as follows:

(a) Through the good offices of foreign trade institutions

In class, the institutions in Osaka which provide not only good offices but also data, materials and library services are introduced with their information brochures, e.g. The Osaka Chamber of Commerce and Industry, The Japan External Trade Organization (JETRO) and so on.

(b) By using directories

Students are shown the well-known "Kelly's Directory of Merchants, Manufacturers and Shippers of the World" as a good example.

(c) Business trips abroad

(d) Advertising abroad — e.g. in papers, magazines, etc. published overseas.

(e) International Trade Fairs

A visit to the trade fair held in Osaka every other year is strongly recommended.

② Business Proposal

After having found his counterpart, a credit inquiry will be made next. Based on the results of the credit inquiry, he will make a proposal to establish business relations with his counterpart. However, the business proposal and credit inquiry are made at the same time, since there is not enough time during the actual business activities.

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### ③ Credit Inquiry

It is necessary to make an inquiry about the credit standing of his counterpart prior to entering into business relations.

The objectives, content and methods of credit inquiry will be explained in class. As to its content, the items which must be inquired about are the following 6 C's: Character, Capital, Capacity, Conditions, Collateral, and Computer. "Co., Ltd." and "Inc." which are added after the company's name and which represent the company's organization are especially emphasized in Capacity. As for the methods, "Bank Reference," "Trade Reference" and "By Credit Agencies" are referred to. Especially in the case of a "Bank Reference," it may be added that it is difficult to obtain credit information directly from the counterpart's bank. Instead, it is usually obtained by way of his own bankers. In the case of using a credit agency, world-known Dun & Bradstreet, Inc. is introduced in class with copies of its credit information materials.

### ④ Arranging the General Terms and Conditions of Business

A or B will propose business and enter into business relations as soon as he has found that his counterpart is reliable and trustworthy in business. However, since import-export transactions are made with foreign countries which are different in politics, economy, culture, traditions, language, habit and such, it may be possible that misunderstandings or conflicts will occur. It is necessary, therefore, to take preventive measures against any misunderstandings or conflicts; certain interpretations and constructions should be given in order to share a common knowledge of the basic technical terms and conditions which will appear frequently in their future transactions. Such practical

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matters which are common in every future transaction should be collectively referred to as "the general terms and conditions of business" in order to avoid the trouble of making arrangements for them in each transaction. These general terms and conditions are then written as "The Memorandum (or Agreement) of General Terms and Conditions of Business."

Among the general terms and conditions, the following five important terms are explained in detail in class: (a) Quality Terms (b) Quantity Terms (c) Price Terms (d) Delivery Terms and (e) Payment Terms. Of these five, Price Terms including Trade Terms such as FOB, CIF, etc., and Payment Terms are furthermore emphasized. These five major terms cover the basic structure of import-export business.

### (a) Quality Terms

These are how to let the other party know the quality of the goods and are classified into the following:

{	Sale by Sample	{	Sale by Brand or Trade Mark	
	{		Sale by Description——	Sale by Grade
			{	Sale by Specification
				Sale by Standard

An explanation for each sale is given with examples. As the quality in "Sale by Sample" is discussed by using "Straight Sample," the following types of sample are referred to as well: (1) Types of sample classified by direction, either from the seller or the buyer, e. g. Seller's Sample, Buyer's Sample and Counter Sample (2) Types of sample by the purpose of use, e. g. Quality Sample, Color Sample

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and Pattern, and (3) Types of sample by handling, e. g. Original Sample, Keep Sample and Triplicate Sample.

As the time of final determination of quality is closely linked to Trade Terms, it is referred to in class after Trade Terms are explained.

### (b) Quantity Terms

First, the sort of quantity unit to be used in the future transactions is referred to. Quantity units vary with the nature of the goods and the market customs. The yard-pound system and the metric system are explained in units of weight including three types of tons (Long Ton, Short Ton and Kilo Ton), capacity, piece, package, length, and square. The "Measurement Ton" or "Freight Ton," which is used for the calculation of ocean freight rate is also explained.

Secondly, arrangements are made for the time of final determination of quantity. This, since it is closely connected with Trade Terms as well as Quality Terms, is referred to in class after Trade Terms are explained.

Thirdly, arrangements are made for the "More or Less Terms." As there is a provision concerning these terms in the "Uniform Customs and Practice for Documentary Credits 1983 Revision" (hereinafter called UCP 1983), these terms are referred to again in class when the letter of credit is explained.

Fourthly, arrangements for "Minimum Quantity Acceptable" and "Maximum Quantity Acceptable" are made.

(c) Price Terms

The following four factors should be included when indicating the price in import-export trade, otherwise, the price will not be clear: (1) the currency's name, (2) the amount of money (figure), (3) per unit and (4) the Trade Terms.

As "per unit" has already been explained in the previous "Quantity Terms," "the name of currency" and "the Trade Terms" will be referred to in class. The currencies used for foreign trade settlement are ones that are dealt with in the foreign exchange markets. So, in class it is effective to look at the Foreign Exchange Quotations issued by foreign exchange banks in Japan in order to understand the names of major currencies and their symbols and abbreviations.

When it comes to the Trade Terms, international rules such as "Incoterms 1990" (the International Rules for the Interpretation of Trade Terms, 1990) published by The International Chamber of Commerce (ICC), the "Revised American Foreign Trade Definitions, 1941," and the "Warsaw-Oxford Rules, 1932" are introduced first. The Trade Terms are explained in accordance with "Incoterms 1990" in terms of the delivery place, the division of cost, the transfer of risks, and the transfer of property. Of the Trade Terms, FOB, CIF and C&F are especially emphasized in a comparison table because these Trade Terms are often used in export trade in Japan.

(d) Delivery Terms

These terms entail the delivery place and the delivery method of the contracted goods as well as the time of delivery. Because the delivery place is linked to the Trade Terms and the delivery method is connected with the insurance, only the time of delivery is mentioned

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in class. It must be understood that as long as a contract is made on a CIF or FOB basis, shipment is equivalent to delivery.

"Immediate Shipment" or "Prompt Shipment" is explained according to the provision of the UCP 1983. "Force Majeure" is briefly explained as well.

### (e) Payment Terms

Of the five major terms, emphasis is placed mostly on these terms.

After beginning with the definition of "Exchange," the two types of payment, "remittance" and "negotiation of a draft," are explained. Examples of the former, remittance by Demand Draft (D.D.), Mail Transfer (M/T) and Telegraphic Transfer (T/T), are illustrated by a diagram. As for the latter, the Documentary Bill of Exchange with or without Letter of Credit (L/C) is taught using an illustration of its flow. Of these various methods, the Documentary Bill of Exchange with or without Letter of Credit is used the most in the settlement of import-export trade. It is, therefore, very important for students to become entirely familiar with this method, — the parties concerned, the flow of letter of credit, the flow of shipping documents, the flow of draft, and the flow of money/currency.

At the same time, it is also important to understand the types and the contents of an L/C by using real L/C's and an explanation of the UCP 1983. Typical Shipping Documents such as the Bill of Lading (B/L), the Insurance Policy or Certificate, the Commercial Invoice, etc. are also referred to.

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The types of Bill of Exchange (e. g. Sight Bill and Usance Bill) are explained together with D/P (Documents against Payment) and D/A (Documents against Acceptance). During the final stage, students themselves read L/C's which were used in actual trading and then draw Bills of Exchange (drafts) under these L/C's.

This gives students a certain study goal in learning foreign trade practices. It also helps them to understand the structure of payment when using the Documentary Bill of Exchange with L/C which accounts for about half of the settlements being made in the present import-export trade.

When the explanation of these five major terms has been finished, students read a representative agreement/memorandum of general terms and conditions of business in English as a recapitulation. The agreement/memorandum includes the five major terms covered and some other terms such as the basis of business, claims, etc.

At this point, "The Agreement of General Terms and Conditions of Business" has been concluded and the business relations have been established between A and B.

### 3. Stage II Concluding Sales Contract

After A and B have finished making arrangements for the general terms and conditions, they will discuss the specific sales terms and conditions in order to conclude the sales contract. There are two processes; one is the pre-contractual negotiation in the form of an inquiry and its reply, the other is the contractual negotiation in which an offer and its acceptance are made. The latter is explained in class.

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### ① The Offer

The definition of an offer will be referred to first. The offer is a statement intended to result in a binding contract if duly accepted by the offeree. The types of offer are classified into the following: (a) an unsolicited offer and a requested offer (b) a selling offer and a buying offer in terms of the direction (c) a firm offer and a free offer in terms of the validity (in the free offer, there is an offer subject to the seller's confirmation, an offer subject to prior sale /the goods being unsold, etc.) and (d) an original offer and a counter offer.

As there is a difference between Anglo-American law and Japanese law about the revocation of a firm offer, it is mentioned from a legal viewpoint. The "offer subject to the seller's confirmation" and the "offer subject to prior sale" are supposed to be offers in a commercial sense, but, in a legal sense, they are just an invitation to offer.

### ② The Acceptance

The acceptance is a declaration of the offeree's intention to conclude a contract by accepting the offer. The acceptance must be unconditional and unqualified. If it is otherwise, it constitutes a rejection of the original offer, combined with a counteroffer. It follows that, if the original offeror receives a qualified acceptance and does not express agreement, there is no contract; the contents of the acceptance must absolutely correspond to those of the offer. This is called "a mirror of image rule."

The time at which a contract is actually made, or in other words when the acceptance becomes valid, can be explained from the legal

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point of English-American law, German law and Japanese law. The general rule is that a contract is made when the acceptance is communicated to the offeror. If it is necessary to determine where a contract is formed, it is logical that this is the place at which the acceptance is communicated. In exceptional circumstances, mere posting of the acceptance is sufficient. This includes case A in which an acceptance is made verbally, by telephone or by telex, and case B in which an acceptance is made by post or telegram. The general rule is applied to the instantaneous contracts of case A, whereas in case B, mere posting of the acceptance is sufficient in Anglo-American law. In case B, the offeror is placed at a disadvantage if the acceptance by post or telegram is delayed or does not reach him. To avoid this disadvantage, the offeror inserts a special statement in his offer which follows the general rule. The offer should explicitly state that the offeror will only be bound if he actually receives the acceptance by a certain date. For example, the statement might go like this—"We offer you firm the following goods, *subject to your reply being received by March 31.*"

The sales contract in the import-export business is an "Agreement to Sell." It is, therefore, very necessary to confirm the contents of the contract in writing by both parties after the contract has been concluded. To confirm the contract, there are several types of documents which are classified by which party submits them. For example, the Sales Note, the Purchase Note, the Order Sheet, the Acknowledgment of Order, the Contract Sheet, etc., can all be used to confirm the contract in function.

During the written stage of confirmation, it sometimes happens that one or both parties send each other a different confirmation of

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contract based on his own general terms and conditions, even though they had already reached an agreement in outline. The two sets of conditions will normally not agree and the question may arise whether the parties are in contract or not, and if so, whose general terms and conditions apply. This situation is referred to as "the battle of forms," which is briefly mentioned in class along with "the last shot doctrine."

Technically speaking, since Stage II covers the sales contract both from a commercial side and from a legal side, it seems difficult to determine how much of it should be taught to students. This is especially true of the students in the English Department of OUFs because they are not students of commercial science or of legal science.

### 4. Stage III Executing the Contract and Settlement

Once the sales contract is concluded, the importer or exporter launches an execution of the contract from his own position. During this time, there seems to be less communication between the parties compared to that during the previous stages. The execution practices are as follows:

#### Import Trade Practices

Opening a letter of credit, obtaining an import license, making an exchange contract (selling), landing the contracted goods, clearing customs, and so on.

#### Export Trade Practices

Checking the letter of credit, procuring the contracted goods,

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obtaining an export license, booking freight space, making an exchange contract (buying), obtaining marine insurance, taking out foreign trade insurance, preparing for shipment, clearing customs, shipping, and so on.

The practices to execute the contract stated above involve mostly documents and negotiations with the MITI (Ministry of International Trade and Industry), customs, foreign exchange banks, shipping companies, insurance companies, forwarding agents, customs brokers, and so forth. This part of the stage may be regarded, in the narrowest sense, as the trade practices of the total import-export business and can be called the "practices of the trade practices." In other words, they consist of how to fill in the documents and what documents are obtained and/or brought from and/or to where. In class, the technical words and terms are mentioned but not in detail.

Having made shipment of the contracted goods, the exporter informs the importer of the particulars of shipment. This is called "Shipping Advice (Notice)" or "Notice of Shipment" or "Advice of Despatch."

Payment is made through the foreign exchange banks of both parties and the transaction is finally completed. The structure and contents of payment were previously explained in the "Payment Terms" of Stage II.

#### 5. Stage IV Claims and Adjustments

An import-export transaction normally terminates with shipment and payment. The parties try their best to avoid claims by observing the contract. However, trade claims are sometimes made for reasons

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such as inferior quality, damage, breach of contract, and so on. The types and contents of claims as well as their adjustments are only briefly outlined in class because they are usually approached from legal points.

### VIII. Synthesis by Chart

The stages from Stage 0 to Stage IV in import-export trade are represented by a flow chart (see chart).

In the chart, the horizontal line shows the flow of the import-export trade processes according to time. The vertical lines show communication in accordance with correspondence in English and documents exchanged between Exporters A and Importers B.

If this chart is looked at from the top, or Company A's standpoint, the processes of export trade practices are represented. By contrast, if looked at from the bottom, or Company B's standpoint, the chart represents the processes of import trade practices.

When a party initially enters the market and introduces an item of goods, the trade process will proceed from Stage 0  $\rightarrow$  I  $\rightarrow$  II  $\rightarrow$  III. Once the business relations are established for the item, the trade process will go through Stage II  $\rightarrow$  III repeatedly. Stage IV sometimes occurs.

This chart looks as if it were a textile which was woven by horizontal threads (processes of import-export trade) and vertical threads (communication in English). In the broadest sense, this fabric is, in a word, "import-export trade" including mutual communication between the two parties.

The only processes which are shown by the horizontal line are

generally called "foreign trade practices" (more precisely, import-export trade), and are classified into import trade and export trade, depending on the standpoint taken.

Furthermore, the practices of the execution of the contract conducted individually by the importer and the exporter at Stage III can, in the narrowest sense, be called "import or export trade practices" as well.

## IX. Conclusion

At first, Business English and Business English Studies were defined. However, because of the broad area of these subjects, the teaching of Business English per se must be separate from the researching of Business English Studies. In teaching Business English, it is necessary to restrict this broad area.

Business English is the English language which is used in the business situation. Judging from the frequency and volume of English usage in Japan, the business situation in which English language is used the most is foreign trade. As foreign trade is also still rather broad for teaching purposes, it is further restricted into import-export trade which contains the basic practices of all foreign trade forms. Import-export trade as the business situation is the area of Business English in teaching. This paper has examined the reasons for why import-export has been chosen as the business situation in teaching, and how the import-export trade can effectively be taught within a limited time by dividing the whole import-export trade process into five stages and by using the flow chart. In a Business English course, it is very important to grasp what and how much is

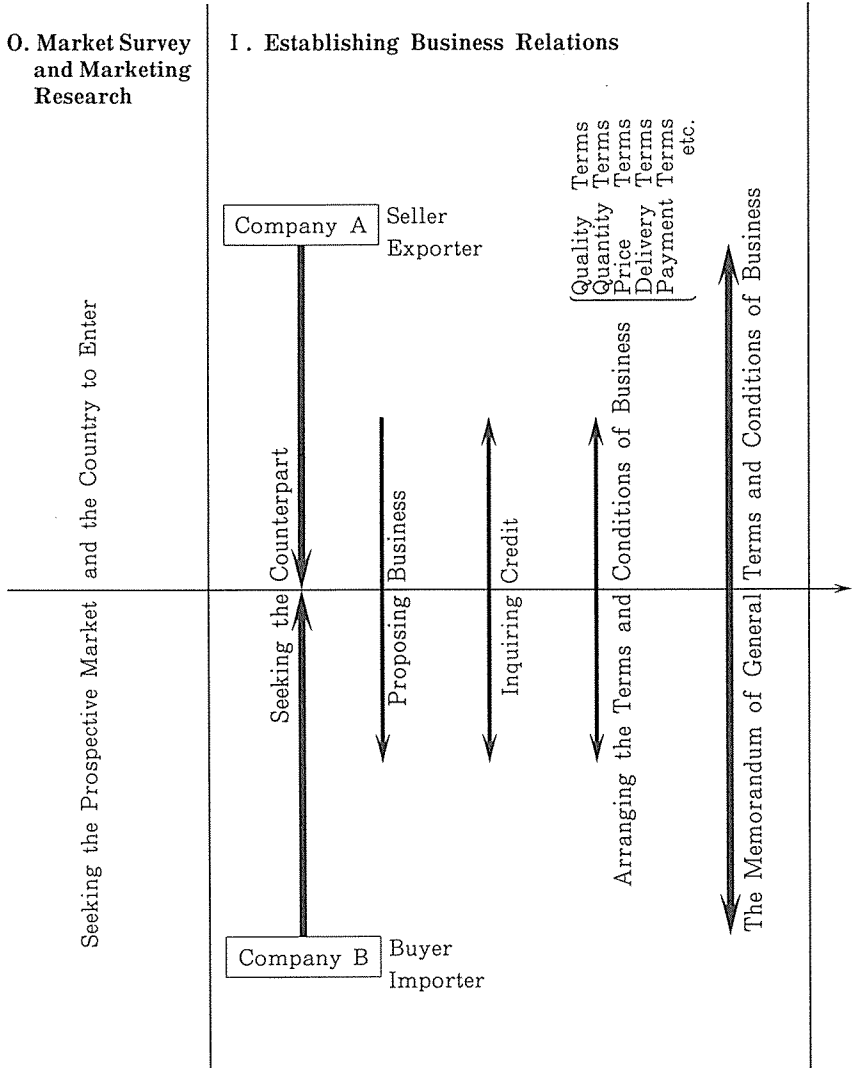
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being taught and for how long.

Finally, as to the area of Business English Studies, it is incorrect at any rate to limit the concept of business, from the practical point of Japanese businessmen in Japan, to only foreign trade. In Japan, *Bōeki Eigo* or English for Foreign Trade is considered to represent Business English. This is based on the convenience of studies and research made, and the fact that the Business English being used is limited mostly to foreign trade business circles. However, it is not necessary to be bound to the practicality of these studies/research, nor to the practicality of their results. In this sense, Foreign Trade English is one part of Business English.

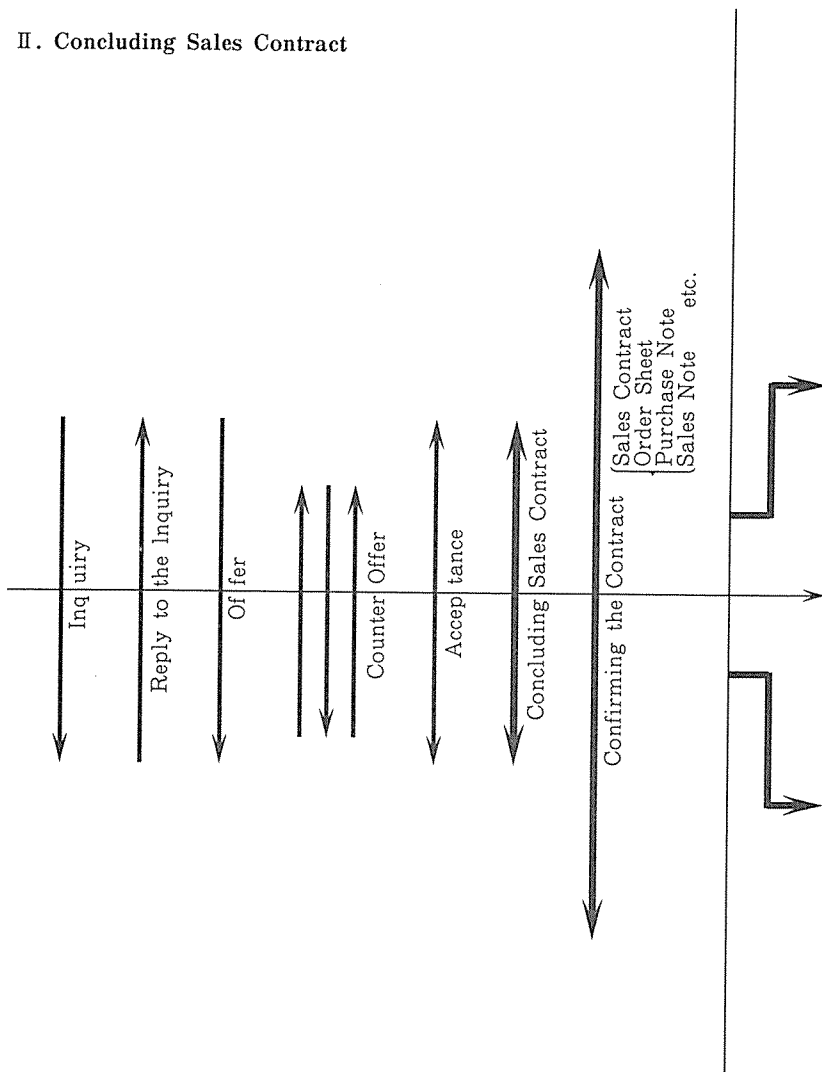
The object of Business English Studies is a special linguistic phenomenon. It is the essential attribute of Business English, which is extracted from what may be called "general English" and is recognized to be different from "general English." This essential attribute of Business English exists in the business situation. With a clear understanding of the business situation, Business English should be *linguistically* approached and studied.

# The Flow Chart of Import-Export Trade



# The Teaching of Foreign Trade in Business English

## II. Concluding Sales Contract



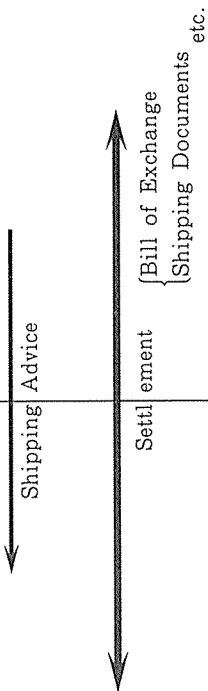
III. Executing Sales Contract and Settlement

Export Trade Practices

Checking the L/C  
Procuring the Goods  
Obtaining an Export License  
Booking Freight Space  
Making an Exchange Contract  
Obtaining Marine Insurance  
•  
•  
•  
•  
Clearing Customs  
Shipping  
etc.

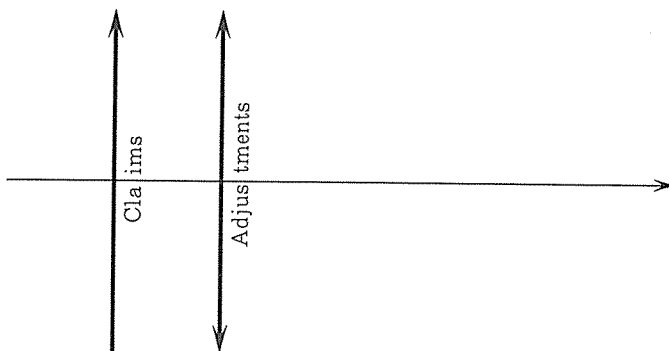
Opening an L/C  
Obtaining an Import License  
Making an Exchange Contract  
•  
•  
•  
•  
•  
•  
•  
Landing the Goods  
Clearing Customs  
etc.

Import Trade Practices



# The Teaching of Foreign Trade in Business English

## IV . Claims and Adjustments



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