



Global Management Consulting Services

Commentaries and Insights from Allawos & Company

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“International Business Terms”

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In every aspect both personal and in business, there are always appropriate words to be used. Take for example tennis “Love” is meaningless in the true sense of the word but it is tantamount to “zero”. It also has the same analogy with international business terms wherein those who are determined to pursue global trade should know. It’s not plainly to impress your future partners and business associates, but it might just be the beginning of a good business relationship because you will be equally minded in the world of international trade making it convenient for both ends.

“About” in international business terms means, construed to permit a disparity not to go beyond 10% more or 10% less than the monetary amount, quantity or unit set in the letter of credit. It can also be “approx.” or “circa”.

“Accelerated Tariff Elimination” means the reduction of import duties quicker than what had been initially agreed upon. **“Accessorial Charges”** means the charges created for additional or supplemental services done in augmentation to the basic transportation overhaul.

“Bailment” in international business terms means the distribution of goods or personal property by a single individual known as the “Bailor” to another called as the “Bailee”. It’s through an implied contract for a specific purpose in relation to the items while in possession of the “Bailee” who has a responsibility to redeliver them to the “Bailor”.

“Bank Guarantee” means a guarantee made by a bank that it will pay an exporter for goods shipped if a foreign purchaser defaults; the guarantee is obtained by the foreign purchaser. This method can also be used in conjunction with a *Letters of Credit* giving both sides confidence that goods will be delivered and paid for.

“Bid Bond” means an indemnity bond class. It is a sure guarantee often needed to be established by a bidder to assure satisfaction of the offer if accepted.

“Bill of Lading” is a document issued to an exporter by a common carrier transporting merchandise.

“Cabotage” in international business terms means inland freight movements confined with the domestic boundaries of a country. It also refers to water transportation or navigation trade along the coasts between the ports of a single region. It originally applied just to shipping along coastal routes, port to port, but now applies to aviation, railways, and road transport as well

“Cash Against Documents” means the collections backed up by shipping papers that are given to the buyer only against payment. This is the same with “Documents Against Payment”.

“Collect Charges” means the transportation practice where the receiver of the items gives a payment for the freight and charges to the carrier. It also refers to the collection system where the buyer is expected to pay the bank charges for management.

“Damages” in international business terms mean the financial indemnity that is recovered by any person who has suffered loss or negligence of another.

“Direct Mail Collection” means the person who sells may forward the documents and instructions for getting payment immediately to a bank in a foreign country without going to the liaison of the seller’s own domestic bank.

“Discounted Bill” means an accepted draft against which a loan is made and the interest is immediately lessened.

The list above is only an abbreviated list. Before venturing off into the world of international transactions, it is highly suggested to obtain professional help.

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