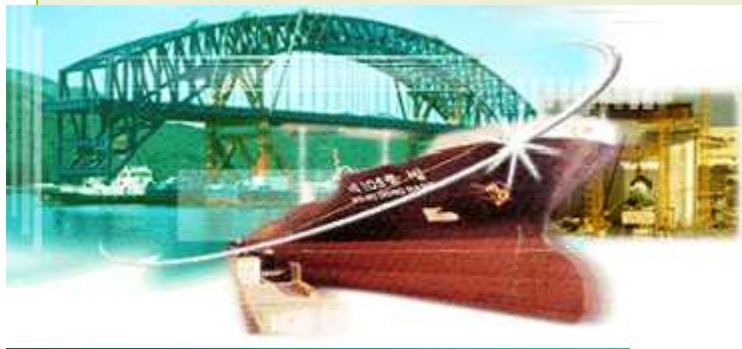




# 제5장 Financing and Methods Of Payment(제12주)



유 하상

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#### 2.2.1 Revocable and irrevocable Credit

The distinction between revocable and irrevocable letters of credit rests upon the ability of the establishing bank to revoke the letter of credit before its expiry date.

Most letters of credit are irrevocable in that they cannot be unilaterally cancelled by the importer or the opening bank.

In contrast, a revocable letter of credit may be revoked at any time without notice to the beneficiary. This privilege can put temptation in the way of an unscrupulous buyer when prices decline.

It is not necessarily the case that revocable letters of credit are of no value.

It is true that they may be terminated at any time by the establisher or the establishing bank, **provided** payment has not been made.

On the other hand, the establishment of the revocable letter of credit has cost the establisher a fee, sometimes a considerable one.

He has therefore given the seller his assurance in the form of a revocable letter of credit that he intends to make payment.

Rest : 눕다, 자다, 안심하다. ~에 있다. 놓여 있다.  
휴식하다.

Unilaterally : 한쪽만, 한 쪽 면에만 주차가 제한된,  
일방적으로

In contrast : 대조, 대비

Decline : 기울다. 내리막이 되다. 하락하다.

Unscrupulous : 예사로, 나쁜 짓을 하는, 부도덕한

Temptation : 유혹

in the way of : ~에 대하여 ~으로서, ~게 유리한

**Provided** :conj. ~을 조건으로, 만약 ~이면

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Furthermore, in countries where exchange controls exist, the revocable letter of credit may be one way of indicating to the exporter that he or she can obtain the necessary exchange for payment.

To the exporter who is concerned about payment for his or her merchandise the confirmed irrevocable letter of credit gives the best assurance that he or she can obtain, other than actual cash, that payment will be made.

is concerned : 염려하는  
other than : ~이외에

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#### 2.2.2 Confirmed and Unconfirmed Credit

This classification is probably more important than the preceding one.

The "Confirmed Credit" is a kind of bank credit in which the credit issuing bank, having once issued the credit, waives the right to cancel or revoke it prior to the date specified and definitely undertakes to honor the drafts drawn in compliance with the terms of the credit.

The confirmed letter of credit has such phrases as mentioned below in order to clarify the guarantee of confirmation thereof by the side of the credit issuing bank: "We hereby agree with the drawers, endorsers, and bona fide holders of **draft or drafts** drawn under and in compliance with the terms of this credit shall be duly honored on due presentation."

Preceding : ~에 앞서다. `에 선행하여  
Waive : 파도 치다. 손을 흔들다. (행사하다)  
Definitely : 한정적으로 명백하게  
Clarify : 명백하게 하다. 분명하게 하다.  
Thereof : 그것에 관하여, 거기서부터, 그 원인으로  
Mentioned : 언급한  
due : 만기일이 된, 지급기일

Duly: 정식으로 당연히, 충분히, 제시간에, 지체 없이, 틀림없이  
Honor : 어음을 인수하여 기일에 지급하다.  
that the same : 바로 그, 방금 말한, 전술한

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The "Unconfirmed Credit" is a credit, though issued by a credit issuing bank, in which the notifying bank acts merely as a medium of transmitting the credit issuing bank's information of a credit established to the beneficiary.

The unconfirmed letter of credit has usually such wording as "This letter is solely an advice and conveys no engagement by us."

The unconfirmed credit may therefore, be cancelled, though this step is seldom resorted to.

Engagement : 계약

Resorted : 가다.

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#### 2.2.3 Revolving Credit

The letter of credit is usually made out for a fixed amount, so when the amount stipulated in the credit has been used and exhausted, the credit becomes invalid, and a new credit will have to be issued for the next transaction.

The revolving letter of credit automatically renews the stipulated amount available to the beneficiary during the period specified.

The exporter may draw bills in a series, i. e. the exporter draws a bill for the amount stipulated in the credit, and when it matures and is paid, he may draw a new bill for the same amount.

This type of credit is a specially convenient and advantageous one when transactions between seller and buyer are continuous and protracted, since it obviates the delay and expense of correspondence for arranging the financial details of each individual transaction.

Exhausted : 써버리다. 고갈시키다.

i. e. id est(라틴어), that is (to say) : 좀 더 정확히 말하자면

Mature : 익은, 잘 발육한, 성숙한, 만기가 된

In series 연속하여

Protract : 오래 끌다.

Obviate : 위험 곤란을 없애다, 제거하다.

## 2.2.4 Payment on Receipt Credit

This is also one of the special types of credits.

Under this credit, the exporter need not draw bills, but receives the proceeds for his shipments from the bank at his end in exchange for the shipping documents and the receipts for the proceeds.

The paying bank draws bills on the issuing bank for the amount paid to the exporter. As the exporter does not draw bills.

This credit is addressed to the bank at the exporter's end, not to the exporter.

Proceeds : 매출금

at his end : 부분, 면, 사업 등의 부문

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#### 2.2.5 With and Without Recourse Credit

It is always open to the beneficiary under a credit, to stipulate with his debtor that credit shall be opened for bills drawn "without recourse."

In the case of a confirmed bank credit, this precaution of the part of the beneficiary is needless as he has the assurance of the issuing bank that his bills will be honoured.

In the case of unconfirmed or revocable credits, however, it is always possible that his bills may be dishonoured on presentation, and that the negotiating bank will therefore turn to him for reimbursement.

If a beneficiary consents to accept an unconfirmed or a revocable credit, he will often stipulate, therefore, that the credit shall be opened for bills to be drawn by him "without recourse" so as to relieve himself from further liability once the bills have been negotiated.

It is for this reason that the negotiating bank will usually demand the undertaking of the issuing bank that bills negotiable under an unconfirmed credit will be honoured if negotiated prior to receipt of advice of cancellation.

Stipulate : 규정하다. 명기하다.  
Debtor : 채무자.  
Precaution : 조심, 경계, 예방책  
reimbursement. : 상환하다. 배상하다.  
consent : 동의하다. 승인하다.

so as to : ~하도록, ~할 정도로  
Relieve : 부담을 경감하다. 구원하다.  
Undertaking : 약속, 보증  
Turn to ~로 설정하다



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#### 2.2.6 Assignable(Transferable) Letter of Credit

At the request of the importer, a bank will issue a letter of credit so that the exporter named as the beneficiary may assign the letter of credit to a third party.

This is frequently done in Korean export trade when the importer abroad knows that the exporter has bought the goods from a manufacturer, or from some other third party, and cannot finance the transaction himself,

It is also used on import letters of credit opened in favor of London merchants who act as intermediaries between producers in the Far East or in Central Europe and importers in Korea.

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Assignable letters of credit are drawn to the order of the specific beneficiary, that is, the exporter from whom the importer has bought the goods.

In addition, the letter of credit provides that the beneficiary may assign it.

The assignee is bound by all of the terms and conditions of the letter of credit.

The value of the assignment provision in the instrument lies in the protection given to the exporter's source of supply.

Without the assignment provision, the company from which the exporter has made the purchase /would have to wait until the exporter collected the funds under the letter of credit and then rely upon the exporter's integrity to pay him for the goods.

When the letter of credit is assignable, immediate protection can be given through assignment to the company that makes the shipment.

lies in : 있다.

integrity : 성실 , 완전

Bound ; bind의 pp

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#### 2.2.7 Back-to-back Letter of Credit(Local Credit)

They are sometimes used by banks in Korea to help manufacturers of exports. They are not, as a rule, used to help exporters.

The back-to-back L/C is called Local (Domestic) L/C in Korea.

The back-to-back letter of credit(local credit) is useful when the original letter of credit does not contain a provision that permits assignment.

When the exporter receives the export letter of credit, he takes it to his bank.

His bank issues a domestic letter of credit in favor of the manufacturer from which the exporter has bought the goods.

The domestic letter of credit impose upon its beneficiary all the terms and conditions of the original export letter of credit.

as a rule : 일반적으로, 대개

Impose : 의무를 지우다. 부과하다

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#### 2.2.7 Back-to-back Letter of Credit(Local Credit)

It furthermore provides that the bank will honor drafts drawn on it, if the drafts are accompanied by shipping documents that have been prepared to conform with the conditions of the export letter of credit.

The manufacturer from which the exporter has bought the goods proceeds with the shipment and prepares all the documents as directed by the exporter, who wishes them prepared as required in the letter of credit that he has received.

The exporter's supplier (manufacturer) receives payment against the domestic letter of credit issued in his favor.

Any difference between the amount due to him and the amount due to the exporter is thereafter paid by the bank to the exporter against the export letter of credit.

Against : `에 대하여, ~과 교환으로, ~에 반하여, ~에 대비하여, ~에 비하여, ~에 기대어서 ~의 부담으로

Provide : 규정하다. 약정하다

Proceed : (계속하여) 진행하다

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If the advising bank differs from the bank used by the exporter to issue the secondary letter of credit, the exporter is obligated to pay his bank as soon as he collects under the letter of credit drawn in his favor.

Some banks require merely a signed undertaking to this effect.

Others wish some security and insist that the exporter assign the export letter of credit to them in return for their issuance of the local or secondary letter of credit.

The assignment may provide that the proceeds of the export letter of credit be paid directly to the bank issuing local letter of credit, which then credits the account of the exporter with any difference due to him.

effect. : 법적 효력, 취지

Insist :

in return for : ~의 답례(보답)으로, ~대신에

the proceeds : 수익, 수입, 결과, 매상금

due to : ~으로 인하여, ~으로 기인한 ~탓으로 돌려야 할

Difference : 차이

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#### 2.2.8 Red-clause Letter of Credit

These are not used in import trade and are only moderately used in export trade in Korea.

The so-called red-clause letter of credit is the usual irrevocable export letter of credit, which further authorizes the negotiating bank in Korea to make advances to the beneficiary up to the amount available under the letter of credit/ against his receipt stating that he will use the funds to purchase the goods covered by the letter of credit.

The beneficiary undertakes to deliver the documents evidencing shipment to the negotiating bank on or before the expiration date of the credit.

This enables an exporter in whom the importer has complete confidence to obtain funds with which to buy the goods locally before export shipment is made.

The importer is willing to trust the exporter completely.

It is particularly useful in Central and South American countries and parts of the Far East when export merchants cannot easily finance their business.

Moderately : 중간의 적당하게, 알맞게  
Enables : ~에게 능력을 주다. 가능하게 하다.  
Finance : 자금을 융통하다. 자금을 조달하다.

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After making the shipment, the exporter attaches the documents to a draft drawn on the issuing bank and presents them to the negotiating bank which advanced the funds to him.

The proceeds of the draft are used to liquidate the advance previously received.

On exports from Korea, letters of credit often contain the red-clause.

The Korean exporters can use the funds to purchase and produce the goods covered by the red-clause letter of credit.

The red-clause letter of credit is needed to help Korean exporters who cannot easily finance their export business.

Liquidate : 청산하다.

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### 2.2.9 Clean Credit

Almost all letters of credit are documentary once as they provide for the drawing of bills with shipping documents attached.

The credit which allows the beneficiary to draw bills with no documents attached is called the "clean credit."

For opening the clean credit the issuing bank usually requires from the importer collateral security in some other form.

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