

Lesson 19 International Trade

Text 1

The original idea behind offshoring was the wholesale shifting of corporate functions and jobs to overseas territories. For several decades that strategy worked. Economists argue that offshoring has been a win-win proposal.

Firms are now discovering all the disadvantages of distance. The cost of shipping has been rising sharply, and goods spend weeks in transit.

Companies now want to be in, or close to, each of their biggest markets, a concept closely allied to offshoring. It is called nearshoring, a phenomenon that companies shift operations to foreign countries that are close to their own, but still can gain a labor-cost advantage.

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Note-Taking

Vocabulary

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Note-Taking

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Text 2

Letters of credit accomplish their purpose by substituting the credit of the bank for that of the customer. It generally includes two types: commercial and standby. The former is the primary payment mechanism for a transaction and the latter is secondary.

Commercial Letter of Credit

a contractual agreement between the issuing bank and the advising bank

Standby Letter of Credit

be issued by banks to stand behind monetary obligation, to insure the refund of advance payment and the completion of a sales contract

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*Note-Taking**Vocabulary*

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Note-Taking

Vocabulary

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Note-Taking

Vocabulary

Say It like a Professional

keep an eye on

_____ your competitors and
_____ them.

Meaning

keep posted

Please _____ of the execution of our order.

Meaning

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