

Chapter 3 Name, Quality, Quantity and Packing of Commodity

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3.1 Name of Commodities

The name of a commodity is essential to a sales contract.

Name of commodity, as a basis for the delivery of goods, has a bearing on the interests and rights of both importers and exporters.

The name of commodity may constitute part of the “Description of Commodity” or “Description of Goods” in the contract.



3.1 Name of Commodities

The name should be clearly and properly specified in a sales contract and the name of the goods delivered should exactly conform to the contract.

- (1) Being clear, specific & precise
- (2) Being practical
- (3) Adopting widely accepted names



3.1 Name of Commodities

In some cases, the appropriate choice of commodity names may facilitate the flow of import and export and reduce costs of transaction in terms of reducing customs tariff, avoiding non-tariff trade barriers and lowering transportation costs.

Traders, should give some consideration to the tactical employment of the commodity names so as to benefit the most.



3.2 Quality of Commodities

Quality refers to the intrinsic elements of commodities including the internal properties or ingredients as well as the external appearance.

Hence description of the quality may provide information related to the shape, structure, form, color, flavor, chemical composition, physical and mechanical property, biological features and other aspects of the product.



3.2 Quality of Commodities

two major ways to describe the quality of goods

(1)sale by sample; (2)sale by description

In some rare cases, a third way may also be adopted
by actual commodity or sale by actual quality

Table 4-1 Methods of specifying quality

Categories	Types
Sale by actual goods/quality	----
Sale by sample	Sale by seller's sample
	Sale by buyer's sample
	Sale by counter sample
Sale by description	Sale by specification
	Sale by grade
	Sale by standard
	Sale by brand or trade mark
	Sale by place of origin
	Sale by Description or illustration



3.2 Quality of Commodities

3.2.1 Sale by Actual Commodity

Sales by actual commodity are usually displayed at the trade fair or the goods at the premises.

Limits: the goods need to be available at the time of contracting. Quality of the actual goods will be referred to as the terms of transaction.

Examples: some special crafts, antique, jewelry calligraphy etc.



3.2 Quality of Commodities

3.2.2 Sale by Sample

Sale by Sample

(1) Sale by
seller's sample

(2) Sale by
buyer's sample

(3) Sale by
counter sample



3.2 Quality of Commodities

3.2.3 Sale by Description

- 1 Sale by specification
- 2 Sale by grade
- 3 Sale by standard
- 4 Sale by brand name or trade mark
- 5 Sale by name of origin
- 6 Sale by descriptions or illustration



3.2 Quality of Commodities

3.2.4 Other Quality Clauses

(1) Quality latitude or quality tolerance

Quality latitude means the permissible range within which the quality of the goods delivered by the seller may be flexibly controlled.

Quality tolerance refers to the quality deviation recognized which allows the quality of the goods delivered to have certain difference within a range.

EXAMPLE:

To stipulate a certain scope

To stipulate “max.” or

Quality shall be about equal to the sample.

(2) Safeguard clause

The seller must deliver goods that are free from any right or claim of a third party based on industrial property or other intellectual property, According to CISG Article 42.



3. 3 Quantity of Commodities

Quantity of commodity is another indispensable clause , and it is always shown as a specific amount in number, weight, length, width, area, volume and capacity, etc.



3.3 Quantity of Commodities

3.3.1 System of Measurement

(1) Metric system

(2) British system

(3) US system

(4) International system

Measure ment	Units of measurement	Measu rement	Units of measurement
weight	1 metric ton = 1 000 kilograms 1 long ton = 1 016 kilograms 1 short ton = 907 kilograms 1 avoirdupois ounce = 28.350 grams 1 troy ounce = 31.103 grams 1 carat = 200 milligrams	area	1 square yard = 0.836 square meters 1 square inch = 6.452 square centimeters



3.3 Quantity of Commodities

3.3.1 System of Measurement

- (1) Metric system
- (2) British system
- (3) US system
- (4) International system

number	1 dozen = 12 1 gross = 12 dozen 1 ream = 480 -500 pieces	volume	1 cubic meter = 1.308 cubic yards =35.315 cubic feet
length	1 meter = 100 centimeter 1 foot = 12 inches 1 inch = 2. 54 centimeters 1 yard = 3 feet 1 mile = 1 760 yards	capacity	1 British gallon = 4. 546 liters 1 US gallon =3. 785 liters 1 British barrel = 163. 659 liters 1 US barrel[oil] = 158.987 liters 1 US barrel [liquid] =119. 240 liters 1 bushel = 36 liters



3.3 Quantity of Commodities

3.3.2 Interpretation of Weight



Gross weight



Theoretical weight



Net weight



Legal weight



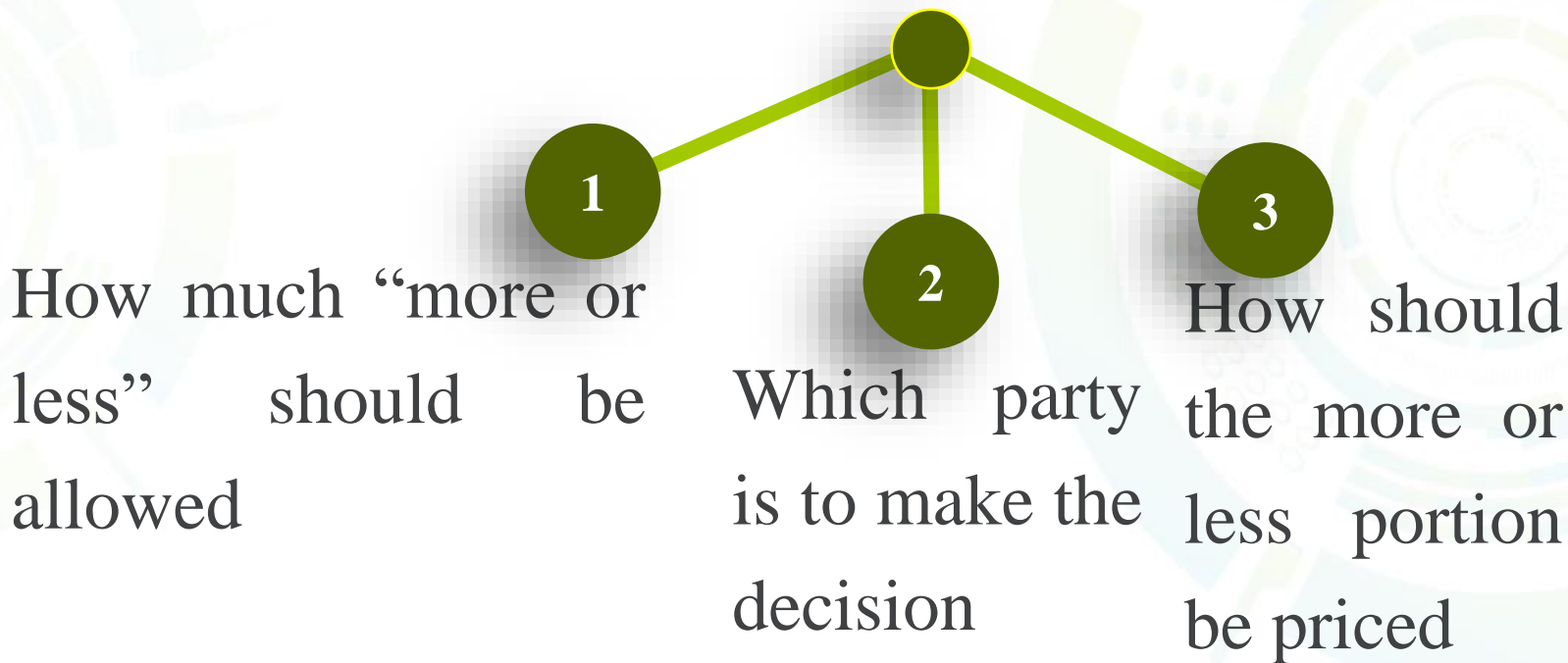
Conditioned weight



3.3 Quantity of Commodities

3.3.3 Quantity Allowance

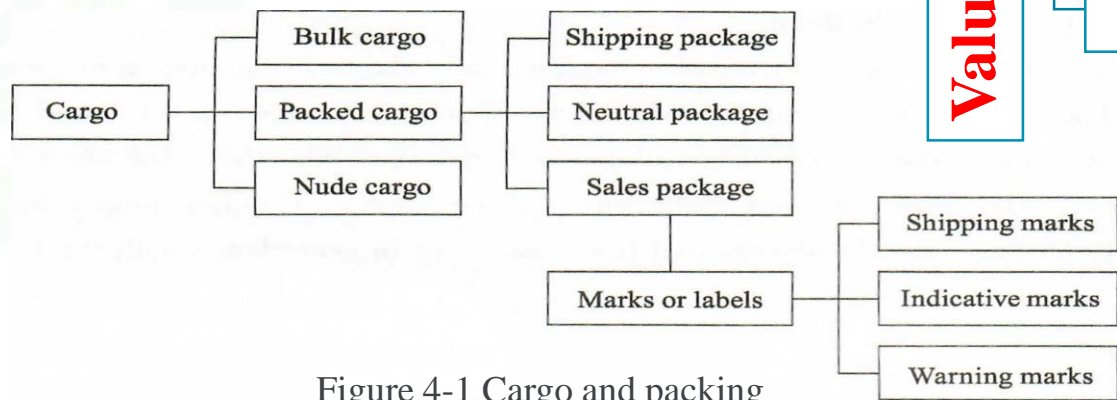
"more or less clause"





3.4 Packing and Marking of Commodities

In international trade, most goods demand proper packing or packaging for protection against all kinds of hazards, so they belong to packed cargo.



Value of package

a form of protection

facilitates loading unloading and stowage, and prevents pilferage

promote sales

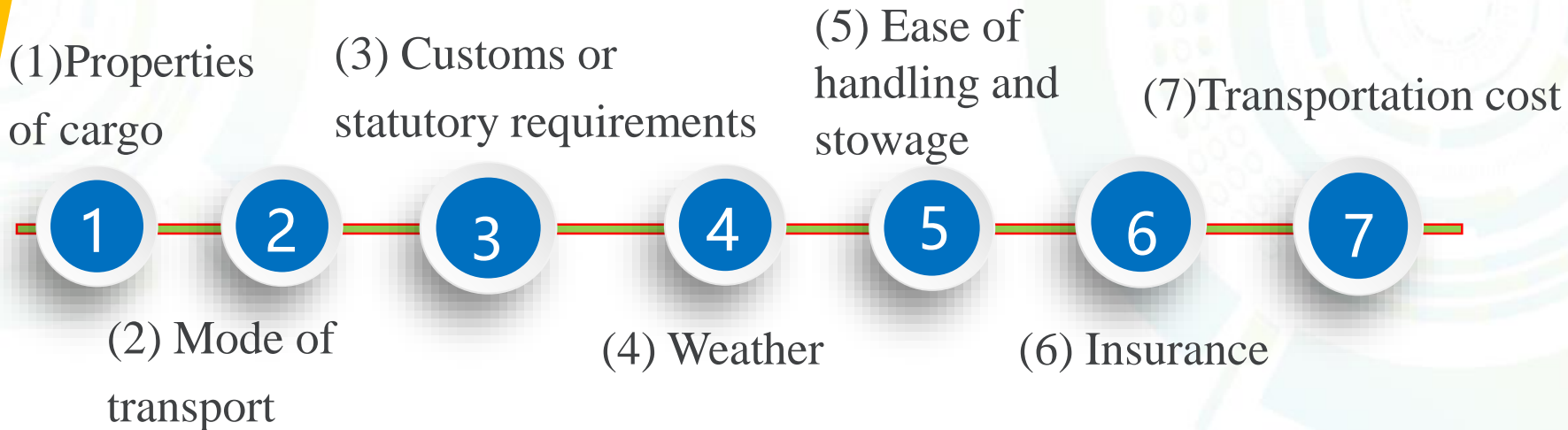
Figure 4-1 Cargo and packing



3.4 Packing and Marking of Commodities

3.4.1 Functions and Determinants of Packing

Some key variables to the choice of packing



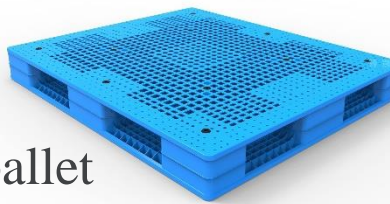


3.4 Packing and Marking of Commodities

3.4.2 Transport Packing

Transport packing, also called shipping packing, outer packing or big packing, is mainly adopted to facilitate cargo transportation.

According to the method of packing, transport packing can be categorized into unit packing and collective packing.



pallet



bags



container



3.4 Packing and Marking of Commodities

3.4.3 Marking

(1) Shipping marks

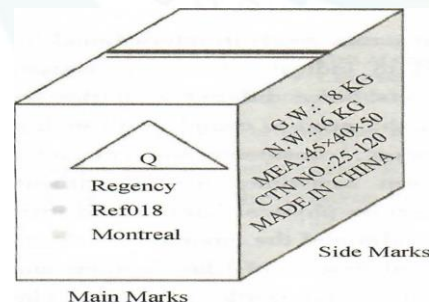
(2) Indicative marks

(3) Warning marks

(4) Supplementary marks

International standard shipping marks recommended by the international organization for Standardization are made up of the following four parts:

- (1) Consignee's Code: usually the initials or abbreviation of a consignee.
- (2) Destination: the name of the port or place of destination.
- (3) Reference No.: the number of the relevant contract, order invoice etc.
- (4) Number of packages: the consecutive number of each package.





3.4 Packing and Marking of Commodities

3.4.3 Marking

(1) Shipping marks

(2) Indicative marks

(3) Warning marks

(4) Supplementary marks



GHS01 Explosive



GHS02 Flammable



GHS03 Oxidizing



GHS04 Compressed Gas



GHS05 Corrosive



GHS06 Toxic



3.4 Packing and Marking of Commodities

3.4.4 Sales Packaging

Sales packaging is also called inner packaging, small packaging, immediate packaging or marketing packaging. The main purpose of such packaging is for sales promotion.

① Neutral packing

While neutral packing is required, no marking of origin or name of the manufacturer should appear on the product

② OEM

Original Equipment Manufacturer
The sellers use the brand name or trade mark designated by buyers on their manufactured goods

③ Labeling

④ Barcode



3.4 Packing and Marking of Commodities

3.4.5 Packing Clause in the Sales Contract

A sales contract should expressly indicate the packing method, the packing cost and the shipping marks.

(1) Details of the packing methods must be clear in the packing clause and shall include such details as shape, size, material used, etc.

(2) Shipping cost division must be specified in the packing clause. Packing expense can be included in the price of the commodity; in this case, it is the seller who bears the packing cost.

(3) Shipping marks are usually to be supplied by the buyer. Occasionally they are at the seller's option.



Case study

X Company sent a sample of goods to a Thailand buyer during negotiation. Later, a contract was signed, and the provision of the goods was, “Moisture:14%; Impurity:4%.” Before shipment, the seller again cabled the buyer, “Quality as per sample”. After taking the delivery, the buyer had the goods inspected. Although the quality conformed to the terms of the contract, it was lower than that of the sample by 7%. As a result, the buyer filed a claim for compensation.

Question: Did the seller make any mistake? why or why not?



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