

'Every one lives by selling something.'
Robert Louis Stevenson (1850–1894), Scottish novelist

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STARTING UP

A The sentences below represent a variety of views on international markets. Complete the sentences with the words in the box.

companies
competition
environment
gap
opportunities
poverty
prices
standards
unemployment
workers

'International markets for labour, capital, goods and services ...

- 1 provide opportunities for people to work/study abroad and improve their lives.'
- 2 increase and improve the choice of goods and services.'
- 3 create and lead to job losses in richer countries.'
- 4 reduce and increase wealth everywhere.'
- 5 exploit in poorer countries.'
- 6 widen the between rich and poor nations.'
- 7 mean lower costs and cheaper retail, which benefit consumers.'
- 8 give large multinational and trading blocs too much power.'
- 9 lead to damage to the natural, local cultures and industries.'
- 10 promote higher of living, working conditions, technology, education, etc.'

B Work in pairs. Which of the statements in Exercise A do you agree with?

C Work in pairs. How has the development of international markets affected:

- a) you as a consumer? b) your company/institution? c) your country?

D How do you think international markets will develop in the future?


VOCABULARY
Free trade

A In pairs, discuss the question.


What is free trade?

B  CD2.14 Listen to the first part of a radio interview with Ian McPherson, an expert on international trade. Complete the definition of free trade he gives.

It's a situation in which goods come into and out of a country without any controls¹ or². Countries which truly believe in free trade try to³ their trade, that's to say, they take away⁴ to trade. [...] They have open⁵ and few controls of goods at⁶.

C  CD2.15 Listen to the second part of the interview. Note down five things which stop people trading freely. Explain briefly the meaning of each one.

EXAMPLE: 1 Tariffs: These are taxes on imported goods.

D  CD2.16 Listen to the third part of the interview and do these exercises.

1 Choose the best answer.

When there is a policy of deregulation, ...

- a) companies compete freely.
- b) there are a lot of government controls.
- c) companies must follow regulations.

2 Which benefits of free trade does Ian McPherson mention? Tick the ones you hear.

- a) greater choice of goods
- b) better-made products
- c) lower taxes
- d) better pay
- e) a wider choice of jobs

3 Complete the gaps.

Some countries do not practise free trade because they wish to:

- fight against^a competition, for example, dumping;
- protect their^b industries, which are important to their economy;
- be less reliant on^c, because their own economies need developing.

4 Answer the questions.

- a) What trend in international trade does Ian McPherson mention?
- b) Why does he think the trend is a good one?

E Use the words and phrases in the box to complete the table below. Use a good dictionary to help you.

barriers	open borders	free port	developing industries	dumping
tariffs	strategic industries	restrictions	quotas	laissez-faire
liberalise	customs	deregulation	subsidise	regulations

Open markets	Protected markets
(Trade without restrictions on the movement of goods)	(Trade with restrictions on the movement of goods, for example, import taxes)
<i>open borders</i>	<i>barriers</i>

F Match the sentence halves.

- | | |
|---|---|
| 1 We're trying to break into | a) all regulations if you want the delivery to go through without problems. |
| 2 You should carry out | b) the delivery date, let us know as soon as possible. |
| 3 If you would like to place | c) insurance cover for the shipment. |
| 4 If you can't meet | d) a market survey before you make a major investment. |
| 5 They've quoted | e) the Japanese market. |
| 6 Let us know if you want us to arrange | f) an order, press one now. |
| 7 It's essential to comply with | g) us a very good price for the consignment. |

G Find verb + noun partnerships in the sentences in Exercise F.

EXAMPLE: 1 to break into a market

Which of them is normally done by:

- a) the supplier? b) the buyer? c) both the supplier and the buyer?

H Discuss the questions.

- To what extent do you have free trade in your country?
- Should certain industries in your country be protected? If so, which ones?
- Is free trade always a good thing, in your opinion?

See the DVD-ROM for the i-Glossary.

READING
Trade between China and the US

A Work in pairs. Read the two articles quickly and choose the best title for each one.

- US-China trade has cost 2.3 million American jobs
- US protectionism is not the way forward
- Stop blaming China for US trade deficit
- Yuan needs to rise against the US dollar

Article 1

by Xin Zhiming

'The US should focus on improving its overall economic competitiveness instead of seeking protectionism to combat its economic slowdown,' said the latest 2008 White Paper: American Business in China. 'And it should not argue for a stronger currency to reduce its trade deficit with China, since the value of the yuan is not the fundamental cause of the deficit,' said the White Paper, which

was released by the American Chamber of Commerce (AmCham) China, AmCham Shanghai and AmCham South China Tuesday. The US economy is currently slowing, while its trade deficit with China remains high, standing at \$163.3 billion last year. The deficit has led to protectionism against Chinese goods and investment in the US. The two countries should make 'defending and preserving the



openness of the trade relationship a core commitment', the White Paper said. 'Instances of co-operation between China and US far exceed instances of dispute.

'An open US and an open China will lead to sustained benefits for both US companies and citizens back home,' said Harley Seyedin, Chairman of AmCham South China.'

from China Daily

Article 2

BY ANDREA HOPKINS



The US trade deficit with China cost 2.3 million American jobs over six years, the Economic Policy Institute said on Wednesday.

5 Even when they found new jobs, workers who had lost jobs to Chinese competition saw their earnings decrease by an average of \$8,146 each year because the new jobs paid less, according to the
10 report, funded in part by labor unions.

"(We hope) it will help to focus the debate on trade to where it needs to be right now with respect to China," said Scott Paul, Executive Director of the
15 Alliance for American Manufacturing.

US manufacturers, labor unions, and many lawmakers have long accused

China of manipulating its currency to give Chinese companies an unfair advantage
20 in international trade, and are pressing China to continue to allow the yuan to rise against the US dollar.

China has said the United States should recognize how much its yuan
25 currency has already risen against the dollar—it is about 20 per cent higher since China revalued its currency in July 2005.

China has also said the fact that Americans save much less of their incomes
30 than the Chinese do has increased the trade deficit. Chinese-made goods have been extremely popular in recent years with US consumers looking for low prices.

from Reuters

B Look at the articles again. Decide if the statements are true (T) or false (F).

Article 1

- 1 The US should concentrate on being more competitive economically.
- 2 The US should be protectionist.
- 3 The US should argue for a stronger Chinese currency in order to reduce the US's trade deficit with China.
- 4 The US and China should focus on the openness of their trading relationship.

Article 2

- 5 The US should recognise how much the Chinese currency has already risen against the dollar.
- 6 US labour unions say China has manipulated its currency to give Chinese companies an unfair advantage in international trade.
- 7 The Chinese save less of their income than Americans.
- 8 Americans have recently bought Chinese-made goods at low prices.

C Find the opposites of these words in the articles.

- 1 free trade 2 upturn 3 surplus 4 dispute 5 decreased 6 spend

D Complete the sentences with the words you found in Exercise C.

- 1 Economists know that and import taxes promote inefficiency.
- 2 The study was done in with local businesses.
- 3 There has been a in the tourist trade.
- 4 The figures show a trade of \$4 billion.

E What do you think will happen to the trade situation between China and the US?

LISTENING

Training for negotiating



Andy Simmons

Watch the interview on the DVD-ROM.



SKILLS

Negotiating

A CD2.18 Andy Simmons is a partner at The Gap Partnership and is an expert on negotiating. Listen to the first part of the interview. What three things does Andy say are important in negotiating?

B CD2.19 Listen to the second part and complete the gaps.

In fact, this concept of¹ – that's what we teach – says that there is no one way, there are many² ways, ranging from the very³, very high-.....⁴ negotiations that are generally win-lose, all the way through to the very, very⁵ negotiations, which are deemed as⁶. And there's no right or⁷, or there's no good or bad, it's just what's appropriate to the⁸.

C CD2.20 Listen to the final part and answer the questions.

- 1 What behaviours are appropriate for being a good negotiator?
- 2 How do you tell if there is more scope for negotiation?

D Discuss the questions.

- 1 What do you think makes a really good negotiator?
- 2 Do you prefer high-conflict win-lose negotiations or cooperative win-win negotiations?
- 3 How common is negotiating in your country?

A Work in pairs. Try to sell something you have on you (a watch, bracelet, etc.) or a household object to your partner.

B Discuss the questions.

- 1 Were you pleased with the outcome of the negotiation in Exercise A?
- 2 What strategy or tactics did your partner use to achieve his/her objective?

C In his book *The Art of Winning*, Harry Mills says that most negotiations have seven stages. These are listed below, but in the wrong order. Put the stages in order. What word do the initial letters of the stages spell?

- **Tie up loose ends**
Confirm what has been agreed. Summarise the details on paper.
- **Explore each other's needs**
Build rapport. State your opening position. Learn the other side's position.
- **Ready yourself**
Prepare your objectives, concessions and strategy. Gather information about the other side.
- **Probe with proposals**
Make suggestions and find areas of agreement.
- **Close the deal**
Bring the negotiation to a clear and satisfactory end.
- **Signal for movement**
Signal that you are prepared to move from your original position. Respond to signals from the other side.
- **Exchange concessions**
Give the other side something in return for something you need or want.

D  CD2.21 Listen to seven extracts from a negotiation between two buyers from an exclusive department store in Moscow and Pierlucci, an Italian supplier of leather goods. Match each extract (1–7) to one of the stages of Harry Mills’s list (a–g).

- | | |
|-----------|-------------------------|
| Extract 1 | a) Tie up loose ends |
| Extract 2 | b) Probe with proposals |
| Extract 3 | c) Ready yourself |
| Extract 4 | d) Close the deal |
| Extract 5 | e) Explore needs |
| Extract 6 | f) Signal for movement |
| Extract 7 | g) Exchange concessions |

E Study the Useful language box below, then role-play these negotiations. Try to get a good outcome in each situation.

Student A: Look at this page.
Student B: Look at page 138.

Student A

1 You are a handbag supplier.

Because there is strong demand for your new range of handbags, you want to:

- increase your list prices by 20%
- increase your delivery time to three weeks
- only offer the buyer a one-year contract.

2 You are an agent for an overseas kitchen equipment company.

You exceeded your sales target by 25% last year. You want the company to:

- increase your commission on sales from 5% to 10%
- invite you for a visit to their head office and pay all the expenses of the trip
- make you an exclusive agent for their goods
- offer you a five-year contract.

USEFUL LANGUAGE

STARTING POSITIONS

We'd like to reach a deal with you today.
Right, let's try to get 10% off their list prices.

EXPLORING POSITIONS

Can you tell me a little about ...?
What do you have in mind?

MAKING OFFERS AND CONCESSIONS

If you order now, we'll give you a discount.
We'd be prepared to offer you a better price if you increased your order.

CHECKING UNDERSTANDING

What do you mean?
Have I got this right?
If I understand you correctly, ...
You mean, if we ordered ... , would ...?
Are you saying ...?

REFUSING AN OFFER

I'm not sure about that.
That's more than we usually offer.
That would be difficult for us.

ACCEPTING AN OFFER

Sounds a good idea to me. As long as we ...
Good, we agree on price, quantity, discounts ...

PLAYING FOR TIME

I'd like to think about it.
I'll have to consult my colleagues about that.

CLOSING THE DEAL

I think we've covered everything.
Great! We've got a deal.

FOLLOWING UP THE DEAL

Let me know if there are any problems.
If there are any other points, I'll e-mail you.

PAMPAS LEATHER COMPANY

9

Case study

An Argentinian exporter is negotiating to sell into the US market. It must reach a deal on the best possible terms while seeking to build a long-term relationship with its distributor.

Background

The Pampas Leather Company is based in Buenos Aires, Argentina. This well-established business exports leather and fur jackets, as well as accessories such as handbags, belts and wallets, to world markets. It uses the best quality leather, introduces creative designs in its collections, has excellent quality control and a reliable delivery service.

A major US distributor in Seattle, West Coast Apparel (WCA), has contacted Pampas Leather about marketing a range of Pampas's men's leather jackets under the WCA brand name. WCA has a chain of stores in all the large cities on the West Coast of the US. WCA's President, Brad Schulz, wants to put three models of the jackets on the

market: the Clubman (the most expensive model), the Nightrider and the Look.

It is now May. Pampas Leather has agreed to make the jackets and have them ready for shipment to Seattle early in November. This will not be easy, as Pampas has to fulfil several large orders before dealing with the WCA order.

Several points of the contract need to be negotiated. Roberto González of Pampas has flown to Seattle to meet Brad Schulz. The Marketing Director of each company will also be present at the meeting. The purpose of the meeting is to make a deal acceptable to both sides, which could be the basis for a long-term relationship.

Task

You are negotiating as either:

- the Pampas Leather team (Roberto González and his Marketing Director): Turn to page 138.
- the WCA team (Brad Schulz and his Marketing Director): Turn to page 142.

Read your information files, identify your priorities and work out your strategy and tactics. Then negotiate so that you get the best deal for your company.

Writing

As the owner of either the Pampas Leather Company or West Coast Apparel, write an e-mail summarising the points agreed during the negotiation. Indicate any terms of the contract requiring further discussion or clarification.

➔ Writing file page 127

Watch the Case study commentary on the DVD-ROM.



3 Doing business internationally

A Tim Collins goes to Saudi Arabia

Tim Collins, Sales Manager, travelled to Riyadh to present his company's TV sets to Karim Al-Jabri, president of a retail group.

The meeting, arranged for Monday, was postponed two days later. When Collins finally met Al-Jabri, he was surprised that several other Saudi visitors attended the meeting. He turned down Al-Jabri's offer of coffee, and when asked about his impressions of Riyadh, said that he had been too busy dealing with paperwork to see the sights.

During the meeting, Al-Jabri often interrupted the conversation to take telephone calls. Collins wanted to get down to business, but Al-Jabri seemed to prefer to talk about English football teams. When Collins admired a painting on the office wall, Al-Jabri insisted on giving it to him as a gift. Collins was very embarrassed.

Two days later, Collins presented his company's new products. A large number of staff attended and asked technical questions which Collins couldn't answer. The following day, Collins asked Al-Jabri if he wanted to place an order for the TV sets. 'If God pleases,' was the answer. Collins thought that meant 'Yes'.

Collins did not secure the contract. When he e-mailed Al-Jabri a month later, he was informed that Mr Al-Jabri was away on business.

Task

- 1 Tim Collins made several mistakes because he lacked knowledge of the local business culture. In pairs, discuss his mistakes and note them down.
- 2 Turn to page 138 and check your answers.
- 3 Draw up a list of advice you would give a visitor like Tim Collins.

B Carson Martin visits Japan

Carson Martin, Managing Director of a Canadian golf equipment company, travelled to Osaka to meet Yasuo Matsumoto, General Manager of a sports goods business.

Martin arrived punctually for his meeting with Matsumoto. He hoped it would be with Matsumoto alone, but some of Matsumoto's colleagues were also present. After introductions, they exchanged business cards. When Martin received Matsumoto's card, he put it away in his wallet. However, Matsumoto examined Martin's card closely for some time.

After a short discussion, Martin said, 'Well, are you willing to be an exclusive agent for us or not?' Matsumoto looked embarrassed, then he said, 'It will be under consideration.' Martin was not clear what Matsumoto meant. Matsumoto went on to say that he had to consult many colleagues in other departments before they could make a decision.

After the meeting, Matsumoto invited Martin to join him for dinner. Matsumoto complimented Martin on his ability to use chopsticks. Later, Martin gave Matsumoto two gifts: a guide book for Ontario, Canada, wrapped in red paper, and a bunch of beautiful white water lilies for his wife. 'I hope they appreciate my gifts,' he thought.

He did not hear from Matsumoto for some while. However, six months later, he received an e-mail from Matsumoto: 'Please return to Osaka as soon as possible. We would like to meet you to discuss the agency agreement.'

Read the case, then discuss the questions in pairs.

- 1 Why was Martin disappointed when:
 - a) he first entered Matsumoto's office?
 - b) Matsumoto said, 'It will be under consideration'?
- 2 What mistakes did Martin make when he:
 - a) exchanged business cards?
 - b) asked the question about an exclusive contract?
 - c) gave Matsumoto's wife white water lilies?





Task

🔊 CD2.22 Listen to an expert on Japanese culture analysing the case. Make notes and discuss her comments.



C Sven Selig travels to Brazil

Sven Selig, Chief Executive of a retail store group in Denmark, went to São Paulo to discuss a joint-venture project with Pedro Oliveira, owner of a shoe manufacturing firm. On his return, he talked about the visit with a colleague.

- 1  CD2.23 Listen to the first part of the dialogue and answer the questions.
 - a) What topics of conversation did Selig and Oliveira talk about:
 - during the meeting?
 - at the restaurant?
 - b) What did they do at the business club?
- 2  CD2.23 Listen again and answer the questions.
 - a) What mistakes do you think Selig made regarding:
 - a cup of coffee?
 - the topics he introduced at the meal?
 - b) What topic at the lunch generated a lot of discussion?
- 3  CD2.24 Listen to the second part and answer the question. How does Selig feel about working with Oliveira on the joint venture?
- 4  CD2.24 Listen again. Which of the following upset or frustrated Selig during his visit?
 - a) Delays in giving his presentation
 - b) The agenda not being followed
 - c) Language problems
 - d) Too many questions during his presentation
 - e) Participants didn't accept his ideas
 - f) Participants were too noisy
 - g) No progress at the meeting

Task

- 1 Do you think Selig will be able to work with Pedro on the joint venture? Give reasons for your answer.
- 2 You are Pedro Oliveira. Write a short report about your meeting with Selig for the company's directors. Describe how you felt about the meeting and recommend whether or not the company should proceed with the joint venture.