

The Application of Grammatical Rules in Letters of Credit

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Abstract: *This article is written to describe the application of grammatical rules in letters of credit. The research is on 10 (ten) letters of credit, but one sample is discussed to represent them. As a letter of credit is generally a kind of written communication, grammatical rules should also get attention. A letter of credit, usually abbreviated into L/C, contains important messages, which are written using sentences or those considered as sentences. Theoretically, a complete idea is expressed in a sentence, but a complete idea in an L/C is not always expressed in sentences. A sentence fragment is considered expressing a complete idea. Grammatically, a countable noun is preceded by an 'article', but it is not always so to an L/C. It means that messages in an L/C are specifically expressed. A complete idea is written without a main verb or finite verb. Therefore, understanding is not through how messages are written in sentences, but on how the messages are interpreted. Non-existence of main verb, definite and indefinite articles, and the use of participial phrases, are the characteristics of messages in an operative letter of credit.*

Keywords: *grammatical rules, messages, letter of credit.*

INTRODUCTION

It is understood that a letter of credit (L/C) is a written communication issued by a certain party – an issuing bank as requested by a buyer for the benefit of an exporter. It is actually a letter, but in a certain style. As a written communication, the messages are addressed to a person or a party for whom a promise for payment is detailed full of terms and conditions. From a business view point, the letter can be cashed. Although a letter of credit is a business document of export-import of goods, its relation to the business is not discussed in this article. The focus is on the application of grammatical rules in the letter of credit. It is noted that a message can be in the form of words, phrases, clauses, sentences, paragraphs. A sentence can consist only one word, for example 'Go!' or 'Send!' The easiest way to know that an expression is a sentence is through identification of meaning indicated by a main verb in the sentence.

Literature Study on Grammar

Written communication including Letter of credit is expressed with words or what can give a complete idea. In Grammar, Hatfield, at al (1988:454) give an analogy 'if you can write a sentence, you can move the world'. The statement is expressed due to how important the ability to write a sentence is. In the explanation, they ask readers to understand 4 (four) elements of an English sentence as follows:

- Words – the basic element of all communication.
- Phrases – groups of words which function a single words.
- Clauses – groups of words with subject and a verb.
- Sentences – which express a complete idea.

Bovee, et al (2003) make another terminology especially on a clause and phrase. They explain that “an incomplete sentence (a phrase or a dependent clause) that is written as though it were a complete sentence is called a fragment. Although in discussing an L/C, readers are not supposed to write, written messages in an L/C must be understood by those who have interest in it. It is true that in communication, messages are commonly expressed in sentences or in what is considered as a sentence. Commonly in grammar theory, a sentence or sentences containing countable nouns or those considered as countable or treated as countable ones, are preceded by an article. Article in traditional grammar theory is not defined, but directly exemplified, and the meaning of ‘article’ is different from that in law. ‘Article’ is divided into two, i.e. definite ‘the’ and indefinite ‘a/an’ (Hornby, 2000:43; Walter, 2009:71). Definite means specific, and indefinite means general. Frank (2000:125) explains differently concerning articles in English. He emphasizes:

“the chief semantic function of articles is to mark nouns as definite or indefinite. ‘The’ signals a particular person or thing that has been singled out from others, for example the student sitting next to you. ‘A’ signals an unspecified one of others, for example a student sitting in the front row”.

The word semantic is used in the above explanation because each has meaning. Bovee, et al (2003) state “only three articles exist in English: the, a, and an. These words are used, like adjectives, to specify which item you are talking about”. In an interpretation an L/C, according to Article 3 UCP No.600 (2007), “where applicable, word in singular include the plural and in the plural include the singular”. Therefore, in an L/C, grammatical rules concerning singular and plural forms are explicitly determined in the Article.

DISCUSSION

The discussion on Letters of credit in this article covers common messages in an L/C, common message construction, and comparison of common and uncommon message construction.

Common Messages in an L/C

The following text is an original retyped letter of credit. Several words are rewritten in bold type to inform readers about common expressions seen from grammatical view point. Numbers from 1 up to 22 are written to enable the writer of this article to discuss the grammatical application in the letter of credit (L/C). The words or phrases written in bold type give emphasis of how written messages to related parties are conveyed. The messages are understood as giving clear information, although there are no ‘finite verbs’ in the messages. The customs are that the messages in an L/C are constructed in such a way that are common to banks all over the world, as displayed in the retyped text of an L/C below.

Text 1: A retyped L/C Message Text

----- Message Text -----	
1	Form of Documentary Credit IRREVOCABLE
2	Documentary Credit Number DOK-318575 B
3	Date of Issue 080724
4	Applicable Rules UCP LATEST VERSION
5	Date and Place of Expiry 080914 beneficiary’s country.
6	Applicant Cotton – Tex AG, Werkstr. 12a, 9444 Diepoldsau / Switzerland.
7	Beneficiary – Name & Address PT. INTI TEXTILE, Jl. Raya Soekarno Hatta Km 31, Ds Harjosari, Semarang, Jawa Tengah, Indonesia.
8	Currency Code, Amount USD 28756,45

9	Percentage Credit Amount Tolerance 5/5
10	Available With ... By ... – Name & Address OURSELVES BY PAYMENT
11	Partial shipments NOT ALLOWED.
12	Transshipment ALLOWED
13	On Board / Disp / Taking Charge at/from any Indonesian port
14	For Transportation to Rotterdam
15	Latest Date of Shipment 080824
16	Description of Goods &/or Services 9,336.51 kgs NE 30/1 100pct Viscose (South Pacific Lenzing fibre) yarn, ring spun for knitting on cones with min. 30 cm pigtails, grey, USD 3,08 per kg cfr Rotterdam Contract 9911206815.
17	Documents Required 1. Commercial invoice duly signed , one original plus one copy showing lot number and also certifying that goods are produced from one single lot. 2. Packing list in one original plus one copy showing weight of cone and lot number. 3. Original of Certificate of Origin issued by any competent authority in Indonesia, suitable for the export to the European Union. 4. Full set (3/3) original clean shipped ‘On Board’ Bill of Lading, made out to the order of shipper blank endorsed, marked ‘freight prepaid’, notifying : Nellen + Quack, the green line – Internationale Spedition, Dueppelstrasse 17, D-48596 Gronau / Germany, evidencing shipment of goods from Indonesian port to Rotterdam, mentioning contract number as well as l/c number, issued and signed as per UCP 600 Art 20. 5. Copy of beneficiary’s shipping advice (facsimile) to applicant (fax no. 0041/71/7379138) within 5 (five) working days after b/l issuing date at the very latest, evidencing the exact shipping details such as etd, eta, description of goods, b/l date, vessel’s name, number of pallets and cartons or number(s) of container(s) (if applicable). 6. Uster protokoll for the ordered yarn including twist and rkm (tensorapid proof). 7. ISPM-15 and Fumigation Certificate .
18	Additional Conditions 1. A fee of USD 80.00 or equivalent should be deducted from payment / reimbursement claim for each presentation of discrepant documents under this documentary credit, notwithstanding any instructions to the contrary, these charges are for beneficiary’s account. 2. A tolerance of plus/minus 5 percent in amount and quantity is acceptable. 3. All goods to be shipped with container fcl/fcl on neutral cones and in neutral sea-worthy pallet packing and some cartons but every pallet and cartons must be clearly marked with count number and lot number, don’t use a high cube container. Bill of lading must evidence so. 4. It is only allowed to ship one lot in one container. 5. No documents, except commercial invoice and shipment advice must show any price indication nor total value of goods. 6. We understand from applicant that the insurance will be covered by them . 7. Documents may be presented to any bank in Indonesia. 8. If shipment is not effected exactly as per specified terms, beneficiaries must bear in mind that they are liable towards applicant for all extra charges which occur to this fact and that same will be deducted from payment , in case of discrepancies in the documents. 9. The ships must be classified through a member of the International Association of Classification Societies (IACS) and the ships are not allowed to be older than 15 years. A signed Certificate from the shipping Company in this respect is required.
19	Charges All Banking commissions and charges outside of Switzerland are for beneficiary’s account .
20	Period for presentation Documents to be presented within 21 days after bill of lading issuing date, but within the validity of the credit.
21	Instr to Payg/Acceptg/Negotg Bank Upon receipt of strictly credit conform documents at our counters in Zuerich we shall remit cover to the presenting bank for the counter value of documents according to their instructions and as per L/C terms within three Zuerich/New York bank working days.
22	Sender to Receiver Information Documents must be sent to Zuecher Kantonalbank, Dep. IBA2, Neue Hard 9 CH-8005 Zuerich/Switzerland, in one lot by courier (DHL or similar service), quoting our above mentioned DOK-Reference.
----- end of messages -----	

The retyped L/C in Text 1 above is displayed to give clear picture of how written messages are conveyed.

Comparison of Common and Uncommon Message Construction

Below are the discussions of what is common and uncommon in an L/C text. The L/C text above is placed at the left column. Therefore, a comparison is needed to make the discussion of this article clear. It is strange and uncommon if the messages are written as those in the right column:

Text 2: A Comparison between Common and Uncommon Message Construction in an L/C

No.	Common expressions	Strange and uncommon expressions
1	Form of Documentary Credit IRREVOCABLE	The Form of the Documentary Credit is IRREVOCABLE
2	Documentary Credit Number DOK- 318575B.	The Documentary Credit Number is DOK- 318575B.
3	Date of Issue 080724	The date of Issuance is on 080724.
4	Applicable Rules UCP LATEST VERSION	The Applicable Rules are UCP of LATEST VERSION.
5	Date and Place of Expiry 080914 beneficiary's country.	The date and Place of Expiry is on 080914 in the beneficiary's country.
6	Applicant Cotton – Tex AG, Werkstr. 12a, 9444 Diepoldsau / Switzerland.	The applicant is Cotton – Tex AG, Werkstr. 12a, 9444 Diepoldsau / Switzerland.
7	Beneficiary – Name & Address PT. INTI TEXTILE, Jl. Raya Soekarno Hatta Km 31, Ds Harjosari, Semarang, Jawa Tengah, Indonesia.	Beneficiary's name & address is PT. INTI TEXTILE, Jl. Raya Soekarno Hatta Km 31, Ds Harjosari, Semarang, Jawa Tengah, Indonesia.
8	Currency Code, Amount USD 28756,45	The currency code and amount is USD 28756,45.
9	Percentage Credit Amount Tolerance 5/5	The percentage of the credit amount tolerance is 5/5
10	Available With ... By ... – Name & Address OURSELVES BY PAYMENT	The availability is with ourselves by a payment
11	Partial shipments NOT ALLOWED.	The partial shipments are not allowed.
12	Transshipment ALLOWED	The transshipment is allowed.
13	On Board / Disp / Taking Charge at/from any Indonesian port	On board/dispatch/taking charge is at/from any Indonesian port.
14	For Transportation to Rotterdam	For the Transportation to Rotterdam.
15	Latest Date of Shipment 080824	The latest Date of Shipment is on 080824
16	Description of Goods &/or Services 9,336.51 kgs NE 30/1 100pct Viscose (South Pacific Lenzing fibre) yarn, ring spun for knitting on cones with min. 30 cm pigtails, grey, USD 3,08 per kg cfr Rotterdam Contract 9911206815.	The description of Goods &/or Services is 9,336.51 kgs NE 30/1 100pct Viscose (South Pacific Lenzing fibre) yarn, ring spun for knitting on cones with min. 30 cm pigtails, grey, at USD 3,08 per kg cfr Rotterdam with Contract No. 9911206815.
17	Documents Required 1) Commercial invoice duly signed , one original plus one copy showing lot number and also certifying that goods are produced from one single lot. 2) Packing list in one original plus one copy showing weight of cone and lot number. 3) Original of Certificate of Origin issued by any competent authority in Indonesia, suitable for the export to the European Union. 4) Full set (3/3) original clean shipped 'On Board' Bill of Lading, made out to the order of shipper blank endorsed, marked 'freight prepaid', notifying : Nellen +	The Documents which are required: 1) A commercial invoice which is duly signed, one original plus one copy which shows a lot number and also certifies that goods are produced from one single lot. 2) A Packing list in one original plus one copy which shows the weight of cone and lot number. 3) An Original of a Certificate of Origin which is issued by any competent authority in Indonesia, suitable for the export to the European Union. 4) A Full set (3/3) of original clean shipped 'On Board' Bill of Lading, which is made out to the order of shipper blank endorsed, marked 'freight prepaid', which notifies : Nellen +

	<p>Quack, the green line – Internationale Spedition, Dueppelstrasse 17, D-48596 Gronau / Germany, evidencing shipment of goods from Indonesian port to Rotterdam, mentioning contract number as well as l/c number, issued and signed as per UCP 600 Art 20.</p> <p>5) Copy of beneficiary's shipping advice (facsimile) to applicant (fax no. 0041/71/7379138) within 5 (five) working days after b/l issuing date at the very latest, evidencing the exact shipping details such as etd, eta, description of goods, b/l date, vessel's name, number of pallets and cartons or number(s) of container(s) (if applicable).</p> <p>6) Uster protokoll for the ordered yarn including twist and rkm (tensorapid proof).</p> <p>7) ISPM-15 and Fumigation Certificate.</p>	<p>Quack, the green line – Internationale Spedition, Dueppelstrasse 17, D-48596 Gronau / Germany, which evidences a shipment of goods from Indonesian port to Rotterdam, which mentions the contract number as well as l/c number, which is issued and signed as per UCP 600 Art 20.</p> <p>5) A Copy of the beneficiary's shipping advice (facsimile) to the applicant (fax no. 0041/71/7379138) within 5 (five) working days after b/l issuing date at the very latest, which evidences the exact shipping details such as etd, eta, description of goods, b/l date, vessel's name, number of pallets and cartons or number(s) of container(s) (if applicable).</p> <p>6) A Uster protokoll for the ordered yarn which includes twist and rkm (tensorapid proof).</p> <p>7) An ISPM-15 and a Fumigation Certificate.</p>
18	<p>Additional Conditions</p> <p>1) A fee of USD 80.00 or equivalent should be deducted from payment / reimbursement claim for each presentation of discrepant documents under this documentary credit, notwithstanding any instructions to the contrary, these charges are for beneficiary's account.</p> <p>2) A tolerance of plus/minus 5 percent in amount and quantity is acceptable.</p> <p>3) All goods to be shipped with container fcl/fcl on neutral cones and in neutral sea-worthy pallet packing and some cartons but every pallet and cartons must be clearly marked with count number and lot number, don't use a high cube container. Bill of lading must evidence so.</p> <p>4) It is only allowed to ship one lot in one container.</p> <p>5) No documents, except commercial invoice and shipment advice must show any price indication nor total value of goods.</p> <p>6) We understand from applicant that the insurance will be covered by them.</p> <p>7) Documents may be presented to any bank in Indonesia.</p> <p>8) If shipment is not effected exactly as per specified terms, beneficiaries must bear in mind that they are liable towards applicant for all extra charges which occur to this fact and that same will be deducted from payment, in case of discrepancies in the documents.</p> <p>9) The ships must be classified through a member of the International Association of Classification Societies (IACS) and the ships are not allowed to be older than 15 years. A signed Certificate from the shipping Company in this respect is required.</p>	<p>The Additional Conditions</p> <p>1) A fee of USD 80.00 or equivalent should be deducted from the payment/reimbursement claim for each presentation of discrepant documents under this documentary credit, notwithstanding any instructions to the contrary. These charges are for the beneficiary's account.</p> <p>2) <i>The construction is common.. The message is already in a complete sentence – a simple sentence.</i></p> <p>3) <i>The construction is common. The message is already in a complete sentence, in a passive form mixed with negative imperative form.</i></p> <p>4) <i>The construction is common. The message is already in a complete sentence - in a passive form.</i></p> <p>5) No documents, except the commercial invoice and shipment advice which must show any price indication nor total value of goods.</p> <p>6) We understand from the applicant that the insurance will be covered by them.</p> <p>7) <i>The construction is common. The message is already in a complete sentence – in a passive form.</i></p> <p>8) If the shipment is not effected exactly as per specified terms, beneficiaries must bear in mind that they are liable towards the applicant for all extra charges which occur to this fact and that same will be deducted from the payment, in case of discrepancies in the documents.</p> <p>9) <i>The construction is common. The message is already in a complete sentence, in a passive form.</i></p>

19	Charges All Banking commissions and charges outside of Switzerland are for beneficiary's account .	The Charges All Banking commissions and charges outside of Switzerland are for the beneficiary's account .
20	Period for presentation Documents to be presented within 21 days after bill of lading issuing date, but within the validity of the credit.	The period for a presentation The Documents to be presented within 21 days after the bill of lading issuing date, and within the validity of the credit (although the meaning of 'but' is 'and'.
21	Instr to Payg/Acceptg/Negotg Bank Upon receipt of strictly credit conform documents at our counters in Zuerich we shall remit cover to the presenting bank for the counter value of documents according to their instructions and as per L/C terms within three Zuerich/New York bank working days.	The Instruction to the Paying/ Accepting/ Negotiating Bank. <i>The construction is common. The message is already in a complete sentence – a simple sentence with 5 (five) preposition phrases..</i>
22	Sender to Receiver Information Documents must be sent to Zuecher Kantonalbank, Dep. IBA2,Neue Hard 9 CH-8005 Zuerich/Switzerland, in one lot by courier (DHL or similar service), quoting our above mentioned DOK-Reference.	The Sender to the Receiver's Information Documents must be sent to Zuecher Kantonalbank, Dep. IBA2,Neue Hard 9 CH-8005 Zuerich/Switzerland, in one lot by courier (DHL or similar service), which quotes our above mentioned DOK-Reference.

There is no definite article 'the' nor indefinite article 'a/an'. For example in Number 1, 'Form of documentary credit irrevocable'. It is common to be expressed so. It is not common to be expressed 'the form of the documentary credit is irrevocable', although the mentioned L/C is definite. Here are definite informations written without 'the' and indefinite ones written without 'a/an'.

Table 1: Definite and Indefinite Things in the above L/C

Found in No.	Definite Things	Found in No.	Indefinite Things
1	Form, Documentary Credit	14	Transportation
2	Documentary Credit Number	17.1	Commercial invoice
3	Date of Issue	17.2	Packing list
4	UCP LATEST VERSION	17.2	Packing list
5	Date, Place of Expiry, beneficiary's country.		original clean shipped 'On Board' Bill of Lading
6	Applicant.	17.5	Copy of beneficiary's shipping advice
7	Beneficiary – Name &	17.7	ISPM-15 and Fumigation Certificate
8	Currency, Code, Amount	18.1	payment / reimbursement claim
9	Percentage Credit Amount Tolerance	18.2	container fcl/fcl
10	Available With ... By ... – Name & Address	20	presentation
15	Latest Date of Shipment		
16	Description of Goods &/or Services		
17	Documents Required		
18.1	beneficiary's account.		
18.2	Bill of lading		
18.3	commercial invoice, shipment advice		
18.4	applicant		
18.5	Documents, shipment, beneficiaries,		
18.6	applicant, payment.		
19	beneficiary's account.		
20	Period, Documents		

Table 1 displays nouns and noun phrases stated without definite nor indefinite article. Although definite things are stated, the definite article 'the' is not used. It also happens to singular countable noun, which are written without 'a/an', eventhough a countable noun is

explicitly stated. It seems that singular markers are a little ignored. Not only the absence of definite and indefinite articles are applied, but also the absence complete elements in relative clauses. Below is a list of the tendency in using participle phrases in written messages in the L/C.

Table 2: List of messages with participial phrases

Found in No.	Present participle	Found in No.	Past participle
19.1 plus one copy showing lot number and also certifying that goods are produced from one single lot.	19	Documents Required
19.2	... plus one copy showing weight of cone and lot number.	19.1	Commercial invoice duly signed
19.4 notifying : Nellen + Quack, the green line – Internationale Spedition, Dueppelstrasse 17, D-48596 Gronau / Germany, evidencing shipment of goods from Indonesian port to Rotterdam, mentioning contract number as well as ...	19.3	Original of Certificate of Origin issued by
19.5 at the very latest, evidencing the exact shipping details such as etd, eta, description of goods, b/l date, vessel's name, number of pallets and cartons or number(s) of container(s) (if applicable).	19.4	Bill of Lading, made out to the order of shipper blank endorsed, marked 'freight prepaid'
19.6	Uster protokoll for the ordered yarn including twist and rkm (tensorapid proof).	19.4	... as well as l/c number, issued and signed as ...
22	or similar service), quoting our	22	... above mentioned DOK-Reference.

In complete sentences, the use of participle (either present or past) seems dominant. Although a sentence commonly consists of 'subject plus verb' and conveys complete meaning, messages in an L/C are always so. Messages in Text 1 No. 1 up to 16 give clear examples of conveying complete meaning with sentence fragment only, and it is common in a letter of credit as a very important business document. In a letter of credit, additional conditions are commonly written/expressed in complete sentences either simple, compound, or complex ones. Table 2 above gives clear examples that the relative pronoun 'which' for things (nominative) tends not to be used, and present as well as past participle are used instead. To be 'is' or 'are' or 'were' are absent in the messages as displayed on the right column of Table 2 above. '... showing ...' is used instead of '... which shows ...', '... notifying' is used instead of '... which notifies ...', and so on. '... required' is used instead of '... which is/are required.' '... issued by' is used instead of 'which is issued by ...', and so on. Present participial phrases tend to have active meaning, and past participial phrases tend to have passive meaning. Therefore, readers or parties interested in learning letters of credit must have understood expressions with passive meaning and those with active meaning.

CONCLUSION

Based on the above discussion either through sentence analysis in tables or through a comparison or through explanation, it is concluded that messages in an L/C are clear enough. Grammatical rules such as preposition in dates, definite and indefinite articles, as well as main verbs are not commonly stated. When messages are expressed not in sentence construction, tenses like simple present, past tense, present perfect, or future tense follow the fact. When a letter of credit is still operative, the tenses are interpreted as simple present and future. When an L/C is just a file or expired, the tenses are interpreted

as simple past. In reference to several letters of credit that have been observed, it is quite strange and uncommon when messages are always stated with main verbs. Therefore, letters of credit have specific grammatical construction. Readers or those interested in or involved in an L/C should be prepared to interpret the actual meaning.

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