



Trade Finance Newsletter #3

New opinions published by the ICC Banking Commission

... a requirement only in the documentary credit application cannot be used as a reason to refuse a presentation under a documentary credit.



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The Banking Commission of the ICC meet twice each year (normally in the spring and in the fall). The latest meeting was held this October in Paris. During the meeting, the ICC Banking Commission discussed and approved a handful of "Draft ICC Opinions"; i.e. ICC Opinions to queries asked by the ICC members – primarily concerning the interpretation of the Rules drafted by the ICC. The majority of the queries relate to the interpretation of the UCP 600, i.e. the Uniform Customs & Practice for Documentary Credits. Together with the ISBP 745 the ICC Opinions are the standard banking practice that are followed by the document checkers around the globe.

As part of the ICC Opinions approved at the Paris meeting, there are some issues relevant for the purpose of document examination under documentary credits. Below two issues that may have your interest.

ICC Opinion TA893rev

The first to be mentioned in this Newsletter is ICC Opinion TA893rev. The documentary credit in question required that the "*packing List should indicate the dimensions of the bale to which the packing list is pertained.*" The presented packing list identified the dimensions in CBM in the following manner:

"Dimensions of the bale (294000 bales): 8.814.487 CBM."

The presentation was refused by the nominated bank. The bank argued that “dimension” should be understood as a requirement to show a linear measurement such as length, height and width.

The ICC Banking Commission did not endorse the understanding of the nominated bank. Rather the ICC Banking Commission indicated that unless there are specific requirements in the documentary credit as to what is meant by “dimensions of the bale” a CBM measurement meets the requirement for indication of such dimension. The ICC Banking Commission further stated that:

“If specific type(s) of dimensions are to be shown on a stipulated document, such as a packing list, the credit should indicate the type(s) of dimensions rather than simply referring to “dimensions” and also whether such dimensions are to refer to an individual bale or all the bales.”

In other words, the refusal made by the nominated bank was not correct.

ICC Opinion TA896rev

The second issue to be mentioned in this Newsletter is part of ICC Opinion TA896rev. The ICC Opinion takes the outset in this refusal made by the issuing bank:

“Commercial Invoice certified as per LC terms 46A/1 that, goods supplied are as per purchase order no. RCPL/5174 dated 19.06.2018 and P.I. No. KID- 1819/0054C dated 18.06.18. However, required pre- inspection certificate not presented mentioned under above purchase order no.”

As a background information, it is mentioned in the query that a requirement for the presentation of a pre-shipment inspection certificate was included in the documentary credit application, but not included as a requirement in the documentary credit. For this query, the ICC Banking Commission stated that a requirement only in the documentary credit application cannot be used as a reason to refuse a presentation under a documentary credit. If there is an omission in the documentary credit – that was included into the documentary credit application then this is a matter to be resolved between the issuing bank and the applicant, outside the documentary credit.

In other words, the refusal made by the nominated bank was not correct.

Nordea stays on top of the latest Opinions ensuring you smooth payments through compliant presentations.

Kim Sindberg

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