

**CHECKLIST FOR DOCUMENTARY CREDITS**

- Does the credit agree with the sales contract ?
- Is the credit **Irrevocable** ?
- Is the credit **Confirmed/Unconfirmed** ?
- Are the names and addresses correct ?
- Is the unit price correct ?
- Is the amount sufficient ?
- Is there sufficient time to comply with the terms and conditions of the credit ?
- Can the "latest shipping date" be met ?
- Are the points of departure and arrival feasible ?
- Can the required documents be supplied ?
- If Insurance is required, can the conditions be fulfilled ?
- If a certificate of origin is required, does it have to be certified by the Chamber of Commerce ? does it have to be issued in the goods' country of origin ?
- If legalization of documents is required, does the importing country maintain a consulate in Canada ?
- Does the credit call for specific declarations on documents which cannot be made ?
- Can the documents be presented to the bank within the required deadline ?
- Can the "partial and transshipment" conditions be met ?
- Is the description of the goods accurate ?
- Are you familiar with the meaning of all the requirements ?
- Is the credit subject to the current **ICC Uniform Customs and Practice for Documentary Credits** ?

**NOTE:** If any of the terms and/or conditions stipulated in the documentary credit need clarification, contact your bank immediately.

**INTERNATIONAL COMMERCIAL TERMS — INCOTERMS**

In 1936, in an attempt to standardize trade terms, the International Chamber of Commerce published the first set of **International Rules for the Interpretation of Trade Terms**. These rules known as **INCOTERMS** have been revised periodically to keep up with changes in trade practices.

The last revision of INCOTERMS was completed in 1990 and came into effect on July 1st of that year. INCOTERMS are now compatible with Electronic Data Interchange (-EDI- which is the use of electronic messages to replace documents) and changes in transportation techniques.

INCOTERMS deal specifically with:

- a) **delivery** of the goods from seller to buyer,
- b) division of **costs** and **risks** between buyer and seller,
- c) buyer's and seller's obligations.

In defining the above three elements, INCOTERMS determine at what point responsibility for the shipment passes from the seller to the buyer. These terms range from total responsibility on the buyer to total responsibility to the seller.

It must be noted that INCOTERMS **do not** deal with the transfer of title to the goods but will determine at what point the goods are considered to have been delivered to the buyer.

Freight and Insurance costs constitute a significant portion of the cost of the product. The choice of the right trade term can minimize these costs.

INCOTERMS 1990 is comprised of 13 terms divided into four groups as follows:

**GROUP E: EXW** Ex Works

**GROUP F: FCA** Free Carrier

**FAS** Free Alongside Ship  
**FOB** Free On Board

**GROUP C: CFR** Cost and Freight  
**CIF** Cost Insurance and Freight  
**CPT** Carriage Paid To  
**CIP** Carriage and Insurance Paid To