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BANKERS' COMMERCIAL CREDITS

Note by the Secretary-General

Addendum

INTRODUCTION

1. In his note A/CN.9/15 the Secretary-General reproduced the study on documentary credits submitted to the United Nations by the International Chamber of Commerce, together with a summary of the comments which had been received from the Secretariats of the Economic Commission for Europe (ECE) and the International Institute for the Unification of Private Law (UNIDROIT).
2. The present addendum contains a summary of the comments which have been received since the circulation of document A/CN.9/15.

SUMMARY OF COMMENTS SUBMITTED BY ORGANS AND  
ORGANIZATIONS ON BANKERS' COMMERCIAL CREDITS

3. The Executive-Secretary of the United Nations Economic Commission for Latin America informed the Secretary-General that the commercial banks of the countries of Latin America follow the rules of the Uniform Customs and Practice for Documentary Credits, prepared by the International Chamber of Commerce, in documentary credit operations with banks which are their agents in foreign countries.

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4. The Secretariat of ECLA suggested that "it would be useful for some specialized body of the United Nations to be made responsible for supervising not only the existing code of practice and usage, but also any amendments to it that may be made in the future as a result of the work of the ICC Commission on Banking Technique and Practice. This United Nations supervision would be permanent in character and would automatically constitute a form of approval of what the ICC agrees at the private level. This suggestion is prompted by the fact that, in matters of such great importance, uniform standards to be applied by all should be subjected to legal review at a more comprehensive level that is possible with a private organization. For this purpose, it would be advisable for the United Nations commission or committee carrying out the review to be composed of representatives of the monetary authorities to ensure the greatest possible amount of technical support and flexibility."

5. The reply from ECLA emphasized that in reviewing and unifying existing provisions, special attention should be paid to practices that might affect transactions of the banking institutions of developing countries. It was further suggested that it would be useful to consider the "possible effect of these comprehensive and widely applied rules on the efforts of regional integration groups to co-ordinate their international payments systems, and also into the possible emergence of new and different practices and procedures, particularly with regard to documents and guarantees."

6. The Secretariat of the International Monetary Fund drew attention to the use of advance import deposits which the authorities of the Fund members may require of importers in connexion with the opening of letters of credit. These "arrangements raise the issue of Fund jurisdiction if they operate through the exchange system, making payments or transfers for current international transactions subject to the deposit requirement. It is generally Fund policy to discourage the use of such advance deposit arrangements in view of their restrictive and sometimes discriminatory effects on imports. Accordingly, the Fund favours the elimination or reduction in reliance on these arrangements, whenever this is possible without adverse effects on the prevailing monetary and balance of payments position of its members."

7. The General Secretariat of the Organization of American States stated that none of the organs of the Organization, including the Inter-American Juridical Committee and the General Secretariat, have so far dealt with this specific subject. It was suggested that certain alterations in the ICC rules might be necessary in connexion with the document of carriage and title to be used in respect of goods shipped in containers.
8. According to the Secretary-General of the Commission of the European Communities "l'extension d'usages uniformes dans le domaine des crédits commerciaux bancaires semble être un des moyens les plus appropriés pour la promotion du commerce international." ("the extension of uniform practices with regard to bankers' commercial credits seems one of the most appropriate means of promoting international trade.")
9. The Secretariat of the European Free Trade Association reported that the Association has not yet had the occasion to consider the subject of bankers' commercial credits. Although all practical obstacles to the free movement of trade between the Member States are regularly reviewed by the Committee of Trade Experts, there have not been any complaints of difficulties in this regard.
10. The Vice-President of the African Development Bank stated that the Bank "highly appreciates the objectives of the study and concurs with the view that it would be very helpful if a greater degree of uniformity in international practice in this field could be achieved. It would serve in its own way to facilitate and promote world trade."