

Trade Finance.

Details with respect to Payment Terms for Exporters.

Information before or upon conclusion of contract, in addition to the payment terms for the documentary credit to be issued.

In connection with the decision to secure payment of shipments and/or services by way of a documentary credit, we advise exporters to pay attention to the contractual elements set out below, and to incorporate the most important points into their contract.

Additional Details in English, to be indicated in the contract:

1. Amount, Quantity, Description	<ul style="list-style-type: none"> ▶ Effective amount or effective quantity ▶ About (= tolerance of +/- 10 percent) ▶ Tolerance of +/- 5% in amount and quantity is allowed ▶ Documentary Credit (DC) should indicate goods description as:
2. Expiry Date, Shipment Date, Presentation of Documents	<ul style="list-style-type: none"> ▶ DC must be valid until (= date) in Switzerland and available with UBS AG ▶ DC should be received by us (= seller/beneficiary) on or before (= date) ▶ Goods will be shipped latest on (= date) ▶ Presentation of documents within days after shipping date must be allowed
3. Transport Documents, Mode of Transport	<ul style="list-style-type: none"> ▶ Bill of Lading = port to port shipment ▶ Transport document covering at least two different modes of transport = multi-modal or combined transport document ▶ Air transport document/Air Waybill = covers dispatch by airfreight ▶ Truck Waybill (CMR) = covers dispatch by truck ▶ FCR = is used for dispatch by truck, rail, groupage truck and/or combined transport (note: FCR is a receipt for the goods only, not a transport document)
4. Delivery Terms, Insurance, Origin of Goods	<ul style="list-style-type: none"> ▶ Main carriage unpaid: EXW, FCA, FAS, FOB as per Incoterms 2000 ▶ Main carriage paid: CFR, CIF, CPT, CIP as per Incoterms 2000 ▶ Arrival clauses: DAF, DES, DEQ, DDU, DDP as per Incoterms 2000 ▶ Insurance to be covered by buyer or by seller ▶ DC must allow shipment of goods of origin
5. Partial Shipments, Transshipment, Shipment	<ul style="list-style-type: none"> ▶ Partial shipments must be allowed ▶ Transshipment must be allowed ▶ Shipment will be made from any European port, since Switzerland has no seaport ▶ Transport documents must evidence shipment from to
6. Documentary Credit Commissions, Legalization of Documents	<ul style="list-style-type: none"> ▶ All DC commissions (those of issuing and advising bank) to be paid by applicant ▶ All DC commissions outside issuing bank's country to be paid by beneficiary ▶ DC confirmation commission to be paid by applicant ▶ Charges for the legalization of documents to be paid by applicant ▶ Acceptance and Discount commission to be paid by beneficiary

Some important recommendations:

The documentary credit to be issued has to be subject to the **“Uniform Customs and Practice for Documentary Credits (UCP)”, ICC Publication No. 600.**

Re point 1	The notation “about” or a tolerance of x% provides an exporter with greater flexibility.
Re point 2	Availability at UBS AG is important since under certain circumstances, the exporter may receive payment more quickly.
Re point 3	Multimodal Transport Document covers the entire transport (door-to-door).
Re point 4	Incoterms 2000 and indication of the origin of the goods is a must.
Re point 5	Allowing partial shipments and transshipment makes for flexibility and provides the exporter with advantages.
Re point 6	It is advisable to settle documentary credit commission (who pays what) in the contract.

For **less experienced clients**, we recommend that the seller fill out our documentary credit application forms and send these to the buyer together with the order confirmation:

“Importer’s request to issue a confirmed/unconfirmed documentary credit in favour of the exporter”



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