



UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS

Peter M. Robinson
President & CEO

July 29, 2010

Jose W. Fernandez
Assistant Secretary of State for Economic, Energy and Business Affairs
Department of State
2201 C Street, NW
Washington, DC 20520

Dear Mr. Fernandez:

On behalf of a broad cross-section of American business, we write to endorse U.S. adoption of the United Nations Convention on Independent Guarantees and Standby Letters of Credit (UN LC Convention).

As suggested by President Obama in announcing the National Export Initiative to double U.S. exports over the next five years, enhancing international trade is a key factor in ensuring that the economic recovery taking hold in the United States and around the world continues and strengthens. International commerce depends on the trade tools and instruments covered under the UN LC Convention – namely letters of credit, independent guarantees, and standby letters of credit. Thus it is vital that these instruments work within a balanced legal infrastructure.

The UN LC Convention provides this international legal framework and harmonizes the approaches of various legal systems. It also establishes the independent character of these trade tools, minimizes exceptions to their independence in the case of letter of credit fraud or abuse, and defers to standard international practice. U.S. adoption of the UN LC Convention would also reduce systemic risk and enhance safety and soundness of bank and other financial institution practices, both at home and abroad.

We applaud active U.S. involvement throughout the development of the UN LC Convention, which was approved by the UN General Assembly in 1995 after seven years of work by the United Nations Commission on International Trade Law (UNCITRAL). Having gone into effect 1 January 2000, as of this date it has been adopted by Belarus, Ecuador, El Salvador, Gabon, Kuwait, Liberia, Panama, and Tunisia. However, many countries await action on it by the U.S. before adoption. We urge the U.S. do so as expediently as possible.

Furthermore, the UN LC Convention is consistent with U.S. law. It would not apply to domestic trade unless American companies expressly indicate for it to do so, but would provide U.S. banks and traders with an alternative applicable law in situations where neither the law of the trade instrument issuer, confirmer, or beneficiary is acceptable to all parties to a particular transaction. It would also provide strong encouragement to the advancement of the rule of law in this field in other countries, creating a level playing field for U.S. banks and businesses.

The UN LC Convention has been endorsed by the Commission of Banking Technique and Practice of the International Chamber of Commerce (our global affiliate), the International Financial Services Association-Bankers Association for Foreign Trade, the Institute of International Banking Law & Practice, and the American Bar Association.

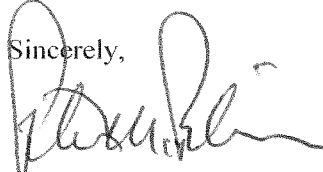
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Business and Industry Advisory Committee (BIAC) to the OECD
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USCIB's endorsement stems from our commitment to promoting open markets, competitiveness and innovation, sustainable development and corporate responsibility, supported by international engagement and prudent regulation. Our members include top U.S.-based global companies and professional services firms from every sector of our economy, with operations in every region of the world. With a unique global network encompassing leading international business organizations, including ICC, USCIB provides business views to policy makers and regulatory authorities worldwide, and works to facilitate international trade and investment.

Adopting the UN LC Convention will help promote U.S. exports by strengthening the international legal framework through which vital trade tools like letters of credit operate. We strongly endorse the UN LC Convention and recommend U.S. adoption.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter M. Robinson", written over a light blue horizontal line.

Peter M. Robinson

Cc: Harold Burman, Office of Legal Adviser, Department of State
Harold H. Koh, Legal Adviser, Department of State
Christopher Manthey, Department of Treasury
Thomas Baxter, General Counsel, New York Federal Reserve
Joyce Hansen, Deputy General Counsel, New York Federal Reserve