

WORLD

Documentary Credit

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by Sheilar SHAFFER



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■ **DRAFTS: IN OR OUT OF UCP700?**

A variety of different document types under letters of credit have been improperly prepared or incorrectly examined, but few documents have been the source of as much frustration as drafts. LC bankers, business people, and lawyers commonly fail to grasp the requirements of a draft, or even what a draft is. In this issue, experienced trade specialists Peter Sproston and Bob Ronai call on the LC community to stop following the tradition of using drafts dating back to the 19th Century and eliminate drafts from the next revision of the rules. There is no need for drafts under LCs, they argue, and UCP600 fails to adequately address drafts. Further, proponents of drafts do not seem to appreciate the purpose of these instruments. Yet, there is another view: Can UCP re-drafting solve drafts? Not really since LC terms requiring a draft will trump any UCP rule prohibiting drafts. The debate continues!

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