

Chapter 7

Electronic Trade and Electronic Presentation of Export Documents in Documentary Credits

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ABSTRACT

Documentation plays a very important role in international trade. Information technology has changed practises in international trade as well. In this chapter, international rules of electronic presentation of documents under documentary credit are defined to guide importers and exporters. This will enable them to speed up transactions to conduct their business as per these rules. Paperback presentation and electronic presentation international rules differences are explained. Electronic presentation will help import export management to facilitate transactions which will increase international trade volume. It is recommended that electronic presentation will help them to speed up their transactions. In the long run, electronic presentation will be cheaper compared to paper presentation and much safer.

INTRODUCTION

Electronic trade has increased with internet. Electronic transactions to be affected smoothly requires legal framework as well. As it is comparatively new that is created and increased with internet, international electronic trade, which is a cross-border transaction, requires a legal system for a healthy progress (Weber, 2007). International trade is total of import and export of goods, across borders. In other words, buyers and sellers are in different countries. If buyers and sellers are in same country, then it is local trade. Whether local trade or international trade, main concern of seller is to receive money as soon as possible and main concern of buyer is to receive goods in time, in good condition as per sales contract. The same thing applies for international trade, receiving goods for importer and receiving money for exporter, main concerns are the same as local trade.

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The main difference between local trade and international trade is that import- export is affected between two different countries, via customs clearance, across borders. Customs do not deal only with goods, passengers travelling abroad have to pass through borders, at the same time they pass through the customs as well. Just like passengers travelling abroad require documentation like passport, if necessary visa for the country they are travelling to, same thing applies for goods as well. Exported goods have to be cleared via exporter's country's border/customs and imported goods have to be cleared via importer's country's border/customs with these required documentations.

Documents are so important in international trade that payments are mainly based on shipping documents, namely payment against documents and documentary credit payments. Specification and presentation of the shipping documents are subject to worldwide accepted international rules set by ICC (International Chamber of Commerce). Importers and exporters must be aware of these rules and be careful to comply with these rules to receive payment and to receive goods in time.

Although majority of shipping documents are still presented physically paper-based by the exporter, with information technology impact in international trade which can be named as e-trade or e-export in international trade, e-presentation, electronic submission of documents has started to replace physical/manual submission of paper documents.

With the increasing tendency for e-trade and expected increase in electronic presentation, International Chamber of Commerce (ICC) has published International Trade Rules for Electronic Submission of Documents (e-UCP) as a supplement to with the revision of UCP 600. This chapter covers the difference between the rules of physical submission and e-submission of shipping documents.

BACKGROUND

This chapter aims to provide information about international rules of electronic and paper based documentation presentation in documentary credits (known as letter of credit). The differences between electronic presentation and paper presentation of documentary credit documents. Providing information about main process of the transactions, reasons why either presentation method must be used. International rules of documentary credit issued by ICC (International Chamber of Commerce), interpretations with reference to literature review and with discussion and conclusion.

DOCUMENTS ROLE IN INTERNATIONEL TRADE

Documents play a very important role in international trade. International trade is trade between different countries, cross borders, which means importer and exporter most probably have never met, do not know each other, do not trust each other, do not know other country and their rules, traditions etc. Documentation is vital in customs clearance as well, clearance of goods require specific documentation, as all countries want to protect their borders, want to control not only people leaving and entering country, governments follow goods import and export as well. All is done via documentation in customs clearance. Not only for customs for international trade payments, the most important document is the unique, original bill of lading/transport document because original bill of lading/transport document is a negotiable document, representing ownership/title of the goods.

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