

Documentary Credit

WORLD

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The Incoterms® rules for facilitating trade are revised each decade. Although the 2020 edition just took effect, there is already a degree of dissatisfaction among some specialists that the rules are ill-suited to support trade in the new normal emerging. In explaining his position, Incoterms® 2020 Drafting Group member Bob Ronai contends there is a disparity between the current and previous Incoterms® rules when compared with how letters of credit typically function. For Ronai, there are several articles in each Incoterms® rule which affect the seller's performance that most bankers may not fully appreciate. Of the 11 Incoterms® 2020 rules, there are only two with which the seller (LC beneficiary) can achieve this without excessive struggle. Ronai concludes by making his case why new Incoterms® rules urgently need written and how it can be done.