

IMPORT LETTER OF CREDIT	
Pre-commencement conditions	<ul style="list-style-type: none"> ▪ Sight, examination and approval of the commercial contract with the supplier ▪ Satisfactory assessment of the supplier (status, reputation); status confirmed and listed as 'approved' ▪ General letter of pledge
Import letter of credit; drawdown conditions	<ul style="list-style-type: none"> ▪ Evidence held of acceptable call-off sales contracts or committed purchase orders from approved end-buyer(s) ▪ Letter of credit beneficiary is an approved supplier ▪ Presentation of the cargo insurance to the financier in negotiable form endorsed to order or to order of the financier for minimum of 110% of the sales value from warehouse to warehouse covering Institute Cargo clause 'A' ▪ Nature & grade of goods to be consistent with facility approval
Disbursement	<p>Letter of credit to be issued to the supplier containing the following conditions:</p> <ul style="list-style-type: none"> ▪ 100% cost of goods purchase in US dollars ▪ Available by sight payment preferably restricted to the counters of the issuing bank (financier), or available by negotiation ▪ Latest date of shipment to be consistent with timely receipt of the goods into the warehouse in Europe (and available for earliest schedule/call-off delivery) ▪ Document presentation period 21 days if expiry at issuing bank counters (14 days if expiry at negotiating bank counters) ▪ Validity 36 days ▪ Documents: <ul style="list-style-type: none"> - Invoice - Packing list - Pre-shipment inspection report issued by [name of nominated independent inspectorate] certifying that the goods conform to inspection criteria detailed in borrower's letter dated [date] reference [reference number] - Full set of original 'master' clean shipped on board bills of lading issued by [name of carrier] showing 'freight collect' consigned 'to order' blank endorsed showing notify party as LC issuing bank and applicant (If charter party bills of lading are to be issued financier to have sight and approval of charter party contract and charterer)
Repayment	'Goods in transit' trade loan

Fig. 21.4 Deal sheet: commodity finance: import letter of credit