

INTERNATIONAL BUSINESS TRANSACTIONS

Second Edition

Practitioner Treatise Series

Volume 2

Ralph H. Folsom



WEST
GROUP

INTERNATIONAL BUSINESS TRANSACTIONS

Second Edition

By

Ralph H. Folsom

*University Professor of Law
University of San Diego Law School*

**Volume 2
Chapters 19–End
Appendix—Tables
Index**

PRACTITIONER TREATISE SERIES



**WEST
GROUP**

A THOMSON COMPANY

ST. PAUL, MINN., 2002

West Group has created this publication to provide you with accurate and authoritative information concerning the subject matter covered. However, this publication was not necessarily prepared by persons licensed to practice law in a particular jurisdiction. West Group is not engaged in rendering legal or other professional advice, and this publication is not a substitute for the advice of an attorney. If you require legal or other expert advice, you should seek the services of a competent attorney or other professional.

Practitioner Treatise Series, and the West Group symbol are registered trademarks used herein under license.

COPYRIGHT © 1995 By WEST PUBLISHING CO.

COPYRIGHT © 2002 By WEST GROUP

610 Opperman Drive
P.O. Box 64526
St. Paul, MN 55164-0526
1-800-328-9352

All rights reserved

Printed in the United States of America

ISBN 0-314-26255-5



TEXT IS PRINTED ON 10% POST
CONSUMER RECYCLED PAPER



WESTLAW® Overview

Folsom's *International Business Transactions* offers a detailed and comprehensive treatment of legal principles and issues relating to the law of international business. To obtain supplemental information to the information contained in this book, you can access WESTLAW, a computer-assisted legal research service of West Group. WESTLAW contains a broad library of legal research resources, including case law, domestic and foreign statutes, current developments and many information databases.

Learning how to use these materials effectively will enhance your legal research. To help you coordinate your book and WESTLAW research, this volume contains an appendix listing WESTLAW databases, search techniques and sample problems.

THE PUBLISHER

*

Summary of Contents

	Page
DEDICATION	v
PREFACE	vii
ACKNOWLEDGMENTS	ix
INTERNATIONAL BUSINESS TRANSACTIONS	xi
WESTLAW OVERVIEW	xiii

Volume 1

Chapter

1. International Sales Law	1
A. Introduction	2
B. Scope and General Provisions of CISG	9
C. Contract Formation	28
D. Rights and Obligations of the Parties	36
E. Remedies	52
F. Selected Documents	69
2. Commercial Terms	112
A. Introduction	113
B. Incoterms	114
C. The Individual Terms of Incoterms	118
D. CISG, The UCC and Incoterms	131
3. Bills of Lading	138
A. Introduction	139
B. Types of Bills of Lading	140
C. Governing Law	142
D. The "Payment Against Documents" Transaction	151
E. Inherent Risks and Liabilities Regarding Bills of Lading	155
F. Electronic Bills of Lading	162
G. Selected Documents	167
4. Sales Agent and Distributorship Agreements	171
A. Introduction	172
B. Forms of Distribution	174
C. Ability to Control Agent or Distributor	177
D. Choosing the Agent or Distributor	180
E. The Agreement—Provisions to Customers	182
F. Registration of the Agreement	190
G. Jurisdiction Over United States Principal	190
H. International Unification of the Rules of Agency	191
I. Final Considerations	196
J. Selected Documents	197

Chapter	Page
5. Countertrade Agreements	296
A. Introduction	297
B. Forms of Countertrade	300
C. The Countertrade Agreement	305
D. Negotiating a Countertrade Agreement	309
E. Countertrade in the Context of a Joint Venture	314
F. Policy Positions Concerning Countertrade	315
G. Conclusions	322
H. Selected Documents	323
6. Documentary Letters of Credit	368
A. Introduction	368
B. Basic Concepts and Sources of Rules	376
C. Honor and Dishonor	382
D. Other Transactions	393
E. Selected Documents	399
7. Standby Letters of Credit	401
A. Introduction	401
B. Traditional Sources of Rules	405
C. New Sources of Rules	408
D. The Issue of Fraud	414
8. International Electronic Commerce	421
A. Introduction to E-Commerce Transactions	421
B. International Model Laws	428
C. Regional Laws	436
D. United States Laws	444
9. An Introduction to International Trade Law—The WTO	448
A. The World Trade Organization (WTO)	449
B. Clearing U.S. Customs	471
C. Regulating U.S. Trade	479
10. United States Tariffs and Duty Free Imports	485
A. The U.S. Harmonized Tariff Schedule	486
B. Foreign Trade Zones and Bonded Warehouses	493
C. The U.S. Generalized System of Preferences (GSP)	495
D. Caribbean Basin Initiative, Andean and African Trade Preferences	502
E. Goods Incorporating United States Components	507
11. Customs Classification Valuation and Origin	515
A. The Role of Classification and Valuation	516
B. Classification—The Framework of the Harmonized Tariff Schedule of the United States	519
C. Classification—Determining the Proper Rate of Duty	522
D. Country of Origin	528
E. Valuation—The Framework of Valuation Law in the Unit ed States	533
F. Valuation—Determining the Proper Value	534

Chapter	Page
12. Antidumping Duties	542
A. Introduction	543
B. GATT/WTO Antidumping Law	543
C. U.S. Antidumping Law	547
D. European Antidumping Law	574
13. Subsidies and Countervailing Duties	579
A. Introduction	580
B. GATT/WTO Subsidies and CVD Law	580
C. U.S. Subsidies and CVD Law	584
D. European Subsidies and CVD Law	605
14. United States Import Controls and Nontariff Trade Barriers	607
A. Introduction	608
B. Agricultural Quotas	613
C. Nontariff Trade Barriers	619
D. National Security Import Restraints	630
15. Escape Clause and Market Disruption Proceedings; Trade Adjustment Assistance	636
A. Introduction	636
B. Escape Clause Proceedings	642
C. Market Disruption Proceedings	654
D. Trade Adjustment Assistance	656
16. United States Export Controls	663
A. Introduction	664
B. Determining When a License is Needed—The 29 Steps	668
C. Scope of the Export Administrative Regulations	672
D. General Prohibitions	673
E. Commerce Control List Overview and the Country Chart ...	674
F. Special Controls	678
G. Special Comprehensive License	679
H. Application for a License and Advisory Opinions	679
I. Review of Applications	680
J. Export Clearance Requirements	683
K. Enforcement	684
17. The Foreign Corrupt Practices Act and Illegal Payments Abroad	688
A. Introduction	690
B. Scope of the FCPA	694
C. Accounting Standards	697
D. Persons Subject to the FCPA	698
E. The Act of Offering, Promising or Giving Corruptly	701
F. Prohibited Persons (Recipients) and Purposes	702
G. Routine Governmental Action Exemption	704
H. Affirmative Defenses	706
I. Enforcement and Penalties	706
J. Department of Justice Review Procedure	709
K. Rights of Action	710
L. Company Responses	713

Chapter	Page
M. Foreign Nation and Multinational Organization Controls on Corrupt Foreign Payments	715
N. Conclusions	719
O. Selected Documents	720
18. United States Boycott and Anti-Boycott Law	723
A. Introduction	724
B. United States Boycotts	726
C. Enacting the Antiboycott Laws	732
D. The Antiboycott Law	735
E. Antiboycott Law—Prohibited Conduct	736
F. Antiboycott Law—Exceptions	744
G. Antiboycott Law—Miscellaneous	751
H. Company Policy	755
I. Selected Documents	757

Volume 2

19. United States Section 301 Proceedings—Super 301 and Special 301 Procedures	1
A. Introduction	1
B. Section 301 Proceedings and Remedies	4
C. Super 301 Procedures	14
D. Special 301 Procedures	15
20. Antitrust Laws (U.S. and Europe)	20
A. Introduction	21
B. State Antitrust Law	25
C. Federal Antitrust Law	27
D. European Competition Law	37
E. Cooperative International Antitrust Enforcement	59
F. U.S. Export Antitrust Exemptions	61
21. Free Trade Agreements of the United States: Israel, Canada, Mexico (NAFTA)	67
A. Introduction	68
B. Israel—U.S. Free Trade	68
C. Canada—U.S. Free Trade	70
D. North American Free Trade	76
E. Free Trade and the Americas	88
22. Franchising and Trademark Licensing	93
A. Introduction	94
B. International Trademark Treaties	99
C. Franchising in Europe	101
D. Franchising in the United States	104
E. California Franchising Law	114
F. Selected Documents	120
23. Patent and Knowhow Licensing	179
A. Introduction	180
B. International Patents and Knowhow	183
C. Transferring Technology	191
D. The Transfer of Technology Agreement	194

Chapter	Page
E. Elements of a Transfer of Technology Agreement	197
F. Multinational Governance of Technology Transfers	204
G. Selected Documents	207
24. Counterfeit, Infringing and Gray Market Imports— United States Section 337 Proceedings	247
A. Introduction	248
B. Counterfeit Goods	250
C. Gray Market Goods	257
D. Section 337 Proceedings (Non-intellectual Property)	262
E. Section 337 Procedures	266
F. Section 337 Remedies	270
G. Section 337 Versus Federal Court Remedies	272
25. Introduction to Foreign Direct Investment	276
A. Introduction	277
B. Who Governs Foreign Investors?	280
C. When Investment Restrictions are Imposed	286
D. The Form of Investment Restrictions	288
E. Reviewing Proposed Foreign Investment	297
F. Foreign Investment Rules Under the NAFTA	302
G. Foreign Investment Rules Under the GATT/WTO	304
H. Foreign Investment Treaties	305
I. Operational Code—The Way Things Really Work	306
J. Some Miscellaneous Aspects of Foreign Investment	312
K. Applicable Law and Dispute Resolution	314
26. Choice of Structure: Branch or Subsidiary	321
A. Introduction	322
B. Structures—The Choices	324
C. Who is Liable for Whom? Liability and Risk Considerations	328
D. Economic Considerations	337
E. Organizational Considerations	344
F. Operational Considerations	345
G. Termination or Withdrawal Considerations	349
H. Conclusions	350
I. Selected Documents	350
27. Choice of Ownership: Joint Ventures	365
A. Introduction	366
B. Applicable Law	368
C. Joint Venture Laws of Foreign Nations	371
D. General Pattern of Joint Venture Laws	374
E. Joint Venture Participants	381
F. Majority, Minority Or 50–50 Participation in Equity and Management	383
G. The Agreements	385
H. The Joint Venture Agreement	390
I. Selected Documents	393

Chapter	Page
28. Investing in Europe	466
A. The Growth of Europe as a Regional Market and Legal Jurisdiction	467
B. The European Common Market	476
C. Mergers and Acquisitions	499
29. Investing in the NAFTA Area	506
A. Introduction	507
B. The Investment Laws of Canada, Mexico and the United States	509
C. Foreign Investment in Canada	509
D. Foreign Investment in Mexico	510
E. Foreign Investment in the United States	513
F. The Exon-Florio Regulation	518
G. Industry Specific Restrictions on Foreign Investment	532
H. Operational Level Restrictions	539
I. Terminating Foreign Investment	543
J. Conclusions	544
K. Foreign Investment and the NAFTA	544
30. Investing in Developing and Nonmarket Economy Nations	550
A. Introduction	551
B. The Pattern of Investment Laws in Developing Nations	559
C. Trading With Developing and Nonmarket Economy Nations	565
D. Investing in Developing and Nonmarket Economy Nations	577
E. Investment by the Use of Joint Ventures	582
F. Investment by Privatization	588
G. Investment by Franchising	599
H. Insuring Investments	601
I. Conclusions	601
31. Special Problems: Currency Controls	605
A. Introduction	606
B. Forms of Currency Controls	613
C. Actions Which Affect the Value of a Currency	616
D. Inflation and Indexation	618
E. Dual or Multi-Level Exchange Rates	619
F. Sanctions for Violations of Currency Controls	620
G. Regulation by the International Monetary Fund	621
H. Exchange Controls and the Act of State Doctrine	627
I. Foreign Exchange Contracts	628
J. Foreign Exchange Risk	630
K. Conclusions	632
32. Protecting Against Loss of Investment	634
A. Introduction	635
B. The Language of Taking	637
C. Avoiding or Lessening the Risk	639
D. Insuring the Risk	640
E. The Overseas Private Investment Corporation (OPIC)	641
F. The Multilateral Investment Guarantee Agency (MIGA)	650
G. Expropriation in Free Trade Agreements	654
H. Conclusions	654

Chapter	Page
33. Expropriation of an Investment	657
A. Introduction	658
B. Expropriation Law	658
C. Expropriation—Public Purpose	660
D. Expropriation—Retaliation and Discrimination	661
E. Expropriation—Compensation	662
F. After Expropriation	666
G. Foreign Sovereign Immunities Act in Expropriation Cases	670
H. Act of State in Expropriation Cases	682
34. International Business Litigation	693
A. Introduction	693
B. Location of the Litigation	698
C. Before the Trial	701
D. At the Trial	712
E. After the Trial	715
35. International Commercial Arbitration	719
36. Business Immigration to the United States	743
A. Introduction	744
B. Citizenship	745
C. Immigrant Visas—General	748
D. Employment Based Immigration	750
E. Family Based Immigration	761
F. Diversity Immigration	764
G. Nonimmigrant Visas—General	765
H. Nonimmigrant Visa Categories	766
I. Conclusions	778
APPENDIX: WESTLAW RESEARCH	779
TABLE OF CASES	795
INDEX	811

Table of Contents

	Page
DEDICATION	v
PREFACE	vii
ACKNOWLEDGMENTS	ix
INTERNATIONAL BUSINESS TRANSACTIONS	xi
WESTLAW OVERVIEW	xv
Volume 1	
Chapter 1. International Sales Law	1
A. INTRODUCTION	2
Sec.	
1.1 Introduction to CISG	2
1.2 The United Nations Commission on International Trade Law	3
1.3 A Short History of the Drafting of CISG	6
B. SCOPE AND GENERAL PROVISIONS OF CISG	9
1.4 The Sphere of Application of CISG	9
1.5 Choice of Law Clauses	12
1.6 Transactions Excluded from the Convention	15
1.7 Types of Sales Transactions Excluded from the Conven- tion	18
1.8 Issues Excluded from the Convention	21
1.9 General Provisions of CISG	25
C. CONTRACT FORMATION	28
1.10 Contract Formation in General	28
1.11 The Offer	29
1.12 Firm Offers	31
1.13 Acceptance	32
D. RIGHTS AND OBLIGATIONS OF THE PARTIES	36
1.14 Seller's Obligations—Delivery	36
1.15 Seller's Obligations—Quality of the Goods	39
1.16 Seller's Obligations—Property Issues	43
1.17 Buyer's Obligations	44
1.18 Buyer's Inspection and Notice of Defects	46
1.19 Cure	47
1.20 Risk of Loss	49
1.21 Excused Performance	50
E. REMEDIES	52
1.23 Remedies in General	52
1.24 Suspending Performance	53
1.25 "Avoidance" of a Contract—Refusal to Accept Noncon- forming Performance	55

	Page
E. REMEDIES—Continued	
Sec.	
1.26 Non-Judicial Price Adjustment	60
1.27 Reclamation of the Goods	62
1.28 Judicial Remedies	62
1.29 Seller's Action for Specific Performance	63
1.30 Buyer's Action for the Contract Price	64
1.31 Damages	66
1.32 Buyer's Damages	66
1.33 Seller's Damages	68
F. SELECTED DOCUMENTS	69
1.34 Sample International Product Sales Agreement (PRC) With Accompanying Irrevocable Bank Guarantee	69
1.35 Sample International Commodity Sales Agreement (PRC)	78
1.36 Volume Purchase Agreement (Electronics)	83
1.37 License to Manufacture Agreement (Electronics) (linked to previous Volume Purchase Agreement)	88
1.38 International Contract for Sale of Secondary Galvanized Metal (Selective CISG Application)	95
1.39 Purchase and Sale Agreement (Chemicals Industry)	99
Chapter 2. Commercial Terms	112
A. INTRODUCTION	113
2.1 Introduction	113
2.2 The Purpose of Commercial Terms	113
B. INCOTERMS	114
2.3 Incoterms as a Trade Usage	114
2.4 Categories of Commercial Terms	115
2.5 Revisions of Incoterms	116
2.6 The Format of Incoterms	117
C. THE INDIVIDUAL TERMS OF INCOTERMS	118
2.7 The Ex Works (EXW) Term	118
2.8 The Free Carrier (FCA) Term	119
2.9 The Free Alongside Ship (FAS) Term	119
2.10 The Free on Board (FOB) Term	120
2.11 The Cost, Insurance and Freight (CIF) Term	121
2.12 The Cost and Freight (CFR) Term	123
2.13 The Carriage and Insurance Paid to (CIP) Term	124
2.14 The Carriage Paid to (CPT) Term	125
2.15 Destination Terms	125
2.16 The Delivery Ex Ship (DES) Term	126
2.17 The Delivery Ex Quay (DEQ) Term	127
2.18 The Delivery at Frontier (DAF) Term	128
2.19 The Delivery Duty Unpaid (DDU) Term	129
2.20 The Delivery Duty Paid (DDP) Term	129
2.21 Interpretation of Gaps in Incoterms	130

	Page
D. CISG, THE UCC AND INCOTERMS	131
Sec.	
2.22 Comparison of Incoterms with UCC and CISG	131
2.23 The EXW Term and Default Rules under CISG and UCC	132
2.24 The UCC "F.O.B. Place of Shipment" Term	134
2.25 The UCC "F.A.S. Vessel" Term	134
2.26 The UCC "F.O.B. Vessel" Term	135
2.27 The UCC "C.I.F." Term	135
2.28 The UCC "F.O.B. Place of Destination" Term	136
Chapter 3. Bills of Lading	138
A. INTRODUCTION	139
3.1 Bills of Lading in International Business Transactions ..	139
3.2 Descriptive Terms for Bills of Lading	139
B. TYPES OF BILLS OF LADING	140
3.3 Non-negotiable or Straight Bills of Lading	140
3.4 Negotiable or Order Bills of Lading	141
C. GOVERNING LAW	142
3.5 International Conventions	142
3.6 Overview of United States Law	143
3.7 The Harter Act	144
3.8 Carriage of Goods by Sea Act (COGSA)	145
3.9 Federal Bills of Lading Act	148
3.10 Choice of Law	150
D. THE "PAYMENT AGAINST DOCUMENTS" TRANSACTION	151
3.11 Overview	151
3.12 The Necessity of a Negotiable Bill of Lading	152
3.13 Payment	152
3.14 Risks of the Parties	154
3.15 Seller's Risks	154
3.16 Buyer's Risks	155
E. INHERENT RISKS AND LIABILITIES REGARDING BILLS OF LADING	155
3.17 Misdelivery	156
3.18 Misdescription	159
3.19 Forged Bills of Lading	161
F. ELECTRONIC BILLS OF LADING	162
3.20 Introduction	162
3.21 Establishing a System and Format for Electronic Bills of Lading	164
G. SELECTED DOCUMENTS	167
3.22 Sample Bill of Lading	167
Chapter 4. Sales Agent and Distributorship Agreements	171
A. INTRODUCTION	172
4.1 Need for a Written Agreement	172
4.2 Problems Most Prevalent Upon Termination	173
4.3 Effect of Changing Export Laws in the United States	173

	Page
B. FORMS OF DISTRIBUTION	174
Sec.	
4.4 Choice of Form	174
4.5 Independent Foreign Agent	174
4.6 Independent Foreign Distributor	175
4.7 Laws Protecting Agents and Distributors	176
C. ABILITY TO CONTROL AGENT OR DISTRIBUTOR	177
4.8 Aspects of Control	177
4.9 Areas to Consider	180
D. CHOOSING THE AGENT OR DISTRIBUTOR	180
4.10 Individual or Business Entity	180
4.11 Nationality of the Agent/Distributor	181
4.12 Special Problems	181
E. THE AGREEMENT—PROVISIONS TO CUSTOMERS	182
4.13 Language	182
4.14 Agreement is the Full Agreement	182
4.15 Definitions	182
4.16 Services to be Performed by Agent/Distributor	182
4.17 Compensation and Payment	184
4.18 Choice of Law and Venue	184
4.19 Termination	185
4.20 Termination—Right to Terminate	185
4.21 Termination—Notice of Termination	187
4.22 Termination—Rights Upon Termination	187
4.23 Termination—Waiver of Termination Rights	188
4.24 Termination—Denial of Import Privileges	188
4.25 Termination—Denial of Export Privileges	189
4.26 Duration of Agreement	189
4.27 Rights Retained by the U.S. Company	189
F. REGISTRATION OF THE AGREEMENT	190
4.28 Notification or Approval	190
G. JURISDICTION OVER UNITED STATES PRINCIPAL	190
4.29 Who Asserts Jurisdiction?	190
H. INTERNATIONAL UNIFICATION OF THE RULES OF AGENCY	191
4.30 1983 Geneva Convention on Agency in the International Sale of Goods	191
4.31 European Union Unification of the Rules Affecting Agents and Distributors	191
4.32 International Chamber of Commerce	195
I. FINAL CONSIDERATIONS	196
4.33 Laws Affecting Exports and Imports	196
4.34 Strategic Alliances between Different Nation Manufacturers	196
J. SELECTED DOCUMENTS	197
4.35 Sample Manufacturer's International Representative Agreement	197
4.36 General Manufacturer's Agent Agreement	214
4.37 Authorized Repair Facility Agreement (Aerospace)	219

	Page
J. SELECTED DOCUMENTS—Continued	
Sec.	
4.38 Maintenance Support Agreement (Aerospace).....	261
4.39 International Distributorship Agreement (Electronics) ..	281
Chapter 5. Countertrade Agreements	296
A. INTRODUCTION	297
5.1 Countertrade in the Post World War II Years	297
5.2 Why Engage in Countertrade?	298
B. FORMS OF COUNTERTRADE	300
5.3 Barter	300
5.4 Counterpurchase	300
5.5 Compensation or Buyback	302
5.6 Offsets	303
5.7 Switch Trading	304
5.8 Bilateral Clearing Accounts	305
5.9 Investment Commitment	305
C. THE COUNTERTRADE AGREEMENT	305
5.10 Single versus Three Agreements	305
5.11 The First Agreement	306
5.12 The Second Agreement	306
5.13 The Third Agreement—The Protocol	306
D. NEGOTIATING A COUNTERTRADE AGREEMENT	309
5.14 Understanding Countertrade	309
5.15 Length of Time to Negotiate	309
5.16 Definition of the Goods	310
5.17 Quality	310
5.18 Quantity	311
5.19 Prices	311
5.20 Other Trade Rules Applicability	311
5.21 Percentage of Countertrade Demanded	311
5.22 Discount for Costs of Disposing Countertrade Goods	312
5.23 Nonperformance Penalties	312
5.24 Selection of Goods	313
5.25 Release of United States Party	313
5.26 Renegotiation	313
5.27 Dispute Resolution	313
E. COUNTERTRADE IN THE CONTEXT OF A JOINT VEN- TURE	314
5.28 Compensation Countertrade and a Joint Venture	314
F. POLICY POSITIONS CONCERNING COUNTERTRADE	315
5.29 Governments and International Organizations	315
5.30 United States Government Policy	315
5.31 United States Trade Law	318
5.32 United States Antitrust Law	319
5.33 Western European Nations	319
5.34 Nonmarket Economy Nations	320
5.35 Developing Nations	320
5.36 Middle-East Nations	320
5.37 United Nations	321

	Page
F. POLICY POSITIONS CONCERNING COUNTER-TRADE—Continued	
Sec.	
5.38 GATT/WTO	321
5.39 OECD	322
G. CONCLUSIONS	322
5.40 Future of Countertrade	322
H. SELECTED DOCUMENTS	323
5.41 Counterpurchase Contract With India	323
5.42 Counterpurchase Contract With Russia	329
5.43 Offset Agreement With Israel	333
5.44 General Guide for the Offset Program of the Korean Telecommunication Authority	336
5.45 International Buy-Back Contracts (UN ECE)	343
Chapter 6. Documentary Letters of Credit	368
A. INTRODUCTION	368
6.1 Introduction—The Transactional Problem	368
6.2 The Documentary Sale Transaction	369
6.3 Risk Allocation in the Letter of Credit Transaction—In General	375
B. BASIC CONCEPTS AND SOURCES OF RULES	376
6.4 The Governing Rules	376
6.5 Applicable Law	378
6.6 Basic Legal Principles	380
C. HONOR AND DISHONOR	382
6.7 Wrongful Dishonor of a Credit	382
6.8 Wrongful Honor of the Credit	384
6.9 Examination of the Documents for Discrepancies	387
6.10 Notification of Discrepancies	389
6.11 The Documents in the Letter of Credit Transaction	391
D. OTHER TRANSACTIONS	393
6.12 Electronic Letters of Credit	393
6.13 Back-to-Back and Revolving Credits	397
E. SELECTED DOCUMENTS	399
6.14 Letter of Credit—Confirmed, Irrevocable	399
Chapter 7. Standby Letters of Credit	401
A. INTRODUCTION	401
7.1 Introduction	401
7.2 Transaction Pattern of the Standby Letter of Credit	403
7.3 Differences with Commercial Letter of Credit	404
B. TRADITIONAL SOURCES OF RULES	405
7.4 Sources of Law and Rules/Governing Rules	405
7.5 Revised UCC Article 5	406
7.6 Uniform Customs and Practices for Documentary Credits (UCP)	407
C. NEW SOURCES OF RULES	408
7.7 New International Rules for Standby Letters of Credit ..	408
7.8 United Nations Convention on Independent Guarantees and Stand-by Letters of Credit (1995)	408