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HVB's Markus Wohlgeschaffen, Managing Director and Head of Trade and Payment Products, and GTC's Jacob Katsman and Nick Pachnev share their views on the partnership.

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George F. Chandler III, reports on the impact of the UNCITRAL E-Contracting Convention on letters of credit.

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By Air Or By Sea? - Discrepancies Exposed

Kim Christensen starts a new column called 'Discrepancies Exposed' that examines conditions, wordings and clauses in letters of credit that make it hard or impossible for the exporter to comply with the credit terms. In this issue Kim uncovers an airfreight shipment with the LC designed for a sea shipment.

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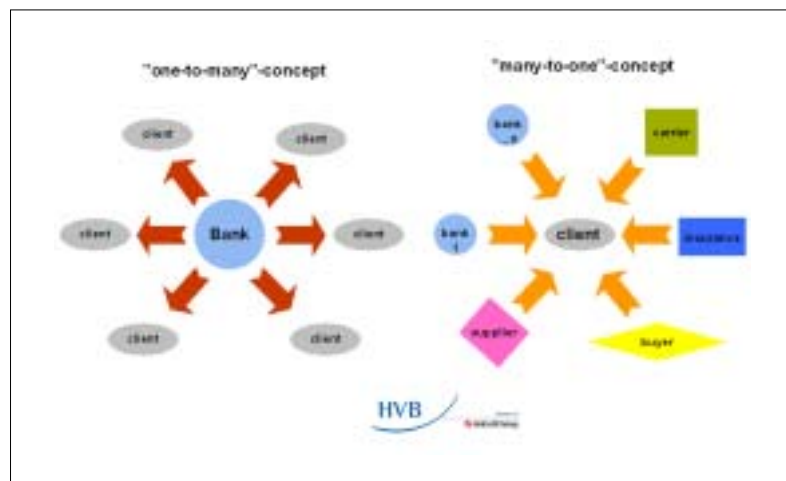
HVB & GTC BRING TO MARKET MULTI-BANK APPLICATIONS FOR TRADE SERVICES

Bayerische Hypo-und Vereinsbank AG (HVB) member of Unicredit Group has partnered with Globaltrade Corporation (GTC) to bring to market applications for handling guarantees, letters of credit, and documentary collections designed for corporates that require connections to multiple banks. The applications are based on the @GlobalTrade Platform technology designed and developed by GTC over the last four years with input from HVB, DaimlerChrysler, ChevronTexaco, Europcell, Siemens, Bank of China and other corporates and banks.



MARKUS WOHLGESCHAFFEN

HVB is hosting @GlobalTrade applications for Guarantee Issuance, Export Letter of Credit, and Documentary Collection processing at its data centre in Munich and providing those applications as a service to its clients and their banks. Corporate clients using these applications are not limited to HVB and can connect to all their banks.



HVB brings to market "many-to-one" concept putting clients first.

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Now corporates do not need to enter multiple proprietary bank systems to communicate with their respective banks electronically when applying for letters of credit and guarantee issuance or receiving export letters of credit and drawing details. This brings about considerable cost savings, improved risk control, and real time information across all banking relationships.

'The adoption of @GlobalTrade Platform by HVB brings about a paradigm shift in the bank's thinking about open multi-bank platforms,' said Jacob Katsman, GTC's CEO. 'HVB has realized that its large customers want to communicate with all their banks in trade transactions through a single web-based platform and it has met this need.'



JACOB KATSMAN

'It is HVB's main target to provide its customers with trade services holding a genuine surplus value,' states Markus Wohlgeschaffen, Managing Director and Head of Trade and Payment Products at HVB. 'The biggest potential for enhancing value can be realized by the conversion of the physical and financial supply chain. This, however, implies one fundamental prerequisite: the thorough understanding that customers are the driving force in all foreign trade processes and that all other parties, including banks, are only subordinated participants. For this reason, we believe in customer-oriented multi-bank and multi-entity solutions like @GlobalTrade.'

'By adopting @GlobalTrade Platform technology HVB sets the foundation for a new approach to servicing a wide range of its corporate customers,' said Nick Pachnev, CTO of GTC. 'Comprehensive functionality and flexible modular design allow the bank to use the same IT infrastructure for servicing specific needs of multinationals and offering standard services to mid-size and small clients. Web-based multi-company and multi-bank access offered by HVB as a service reduces roll-out costs for corporate clients and their trade service providers.'



NICK PACHNEV

What is HVB-@GlobalTrade?

Through @Global Trade HVB can offer its corporate customers a secure web based electronic processing platform that requires minimal integration on the

customer's part. It is a completely flexible and truly independent multi-bank solution for handling internal and external processes in connection with Documentary Credits, Standby LCs, domestic and cross-border Guarantees as well as all kinds of Corporate and Insurance Guarantees and last but not least documentary collections. @GlobalTrade technology is standards-based and supports current and emerging bank standards. Corporate customers are able to maximize working capital by increasing the speed, accuracy and visibility of processes. As a result the **order-to-cash cycles are accelerated.**

Main HVB-@GlobalTrade Applications



Export Documentary Credit Application is designed for corporates that wish to receive Letters of Credit (LC) electronically from HVB and also from other banks, share LC details with parties within and outside their organization, prepare compliant documents, collaborate on those documents with third parties, allow a bank of their choice to pre-check such documents electronically before they are presented, and thereafter present the documents electronically, in paper form, or mixed electronic and paper.

Standby-LC/Guarantee Application enables corporates to apply for issuance of Standby LCs or Guarantees and any subsequent amendments electronically. In addition HVB-@GlobalTrade permits to administer Corporate and Insurance Guarantees as well. The platform concept of HVB-@GlobalTrade allows a common and unified

'By adopting @GlobalTrade Platform technology HVB sets the foundation for a new approach to servicing a wide range of its corporate customers'

Nick Pachnev

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It would recognize contracts created by automated processes such as automatic inventory replacements and provide default rules for human input errors.

From the standpoint of the United States, the convention would present only minor conflicts with existing U.S. eCommerce laws such as eSign (Electronic Signatures in Global and National Commerce Act, 15 U.S. Code § 7001) on the national level, and UETA (Uniform Electronic Transactions Act) for individual American states.

It is expected that the United States will ultimately sign the convention, but the decision regarding its adoption of the convention is likely to take some time. If the convention is adopted, it will be of critical importance that the United States enacts enabling legislation so that it would be uniformly applied – unlike the CISG, which is not in the U.S. Code and thus is rarely used in U.S. contracts.

Overall, this is a significant first step in establishing eCommerce in international commerce, but much more still needs to be done to support electronic trade procedures.

George F. Chandler, III, is an international leader in the development of the rules for trade and transport under Electronic Commerce. He is a Partner at Hill Rivkins & Hayden, LLP, in Houston, Texas. Chandler served as Counsel, Chemical Carriers Association, Inc., 1987-1994. Member, U.S. Delegation to UNCITRAL Working Group on Electronic Commerce (1992-1996); Member, American Bar Association; Maritime Law Association of the United States - Proctor [Board of Directors, (1993-1996); Chairman, Electronic Communications and Commerce Committee, (1995-1999); Chairman, Committee on Carriage of Goods (1981-1995); Chairman, Electronic Bills of Lading Subcommittee, (1990-1991)]; Comité Maritime International - Titular Member [Member, CMI International Subcommittee on Carriage of Goods, (1995-1998); on Issues of Transport Law (2000-present); EDI Working Group (1996-present); CMI/UNCITRAL Group of Experts on Electronic Contracts of Carriage 1995]; Houston Maritime Arbitrators Assoc.- President (1998-present). Chandler is author of 'Maritime Electronic Commerce for the 21st Century'. 22 Tulane Mar. L.J. 463 (1998); Negotiable Transactions Using EDI, EDI Forum; The Journal of EDI. 138 (1992); Transfer of Ownership in Int'l Trade: USA. Transfer Ownership in Int'l Trade. Kluwer ICC (1999), and has written in various other publications.

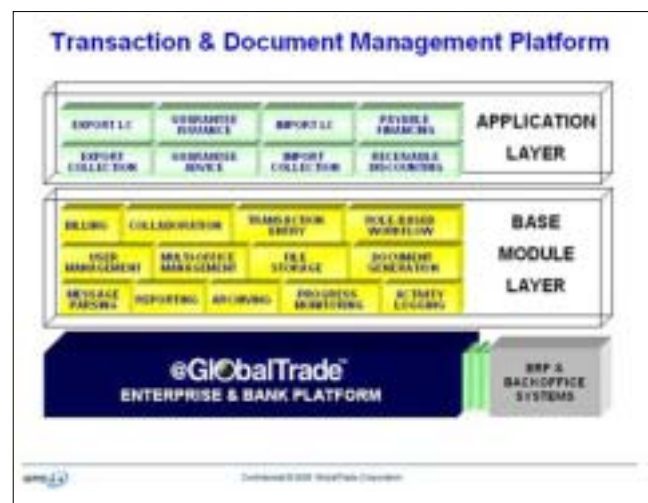
MULTI-BANK *continued from page 3...*

communication tool with/for all connected banks. A flexible role-based access control workflow enables centralized credit and process control over multiple subsidiary locations and/or users. The workflow is designed with an option whereby HVB (or in theory any other bank) can act either as a custodian or agent offering value-added services (e.g. monitoring of fee settlement or credit line utilization, etc).

Globaltrade Corporation

GlobalTrade Corporation www.globaltradecorp.com has been founded by Jacob Katsman and Nick Pachnev in 2002 and is based in Toronto, Canada. The company designs, develops and manages innovative, collaborative products and services for global trade services. Under the trademark @GlobalTrade™ GTC services corporates that require multi-party information exchange and document management systems enabling visibility, better risk control and cost savings and financial institutions that require innovative solutions to grow market share and protect existing customer base.

@GlobalTrade Platform features modular design to expand product functionality and simplify customization process. All modules use the same base platform components reducing the costs of running



the system by banks as a service for their clients. The base Platform modules include multi-level company management, role-bases access control and a workflow engine, configurable web forms with flexible mapping of transactional data, address book, standard clauses, archiving, ad-hock and scheduled reporting.

All functions are accessible through a web-browser simplifying rollout of new bank products and services to clients. The Platform supports automated data transfer of flat files, SWIFT, DTA and XML messages providing additional cost savings for volume processors.