

## Appendix 1 COUNTERTRADE TERMINOLOGY

Countertrade terminology is not standardised between countries or even within countries. For many terms there are a number of definitions.

### Barter

"Classical" or "pure" barter means the direct exchange of goods without any money changing hands. Barter is usually a once-only transaction bound by a single contract. The term is sometimes used in a wider context to indicate all forms of reciprocal trade. Barter-style countertrade is used to describe the type of countertrade where an export from a developing country finances a subsequent import. This is also sometimes known as advance compensation.

### Bilateral Trade and Payments Agreements

Government to government agreements, usually long term, operated through a clearing account.

### B.O.T. (Build - Operate - Transfer)

Occasionally included within the general scope of countertrade, B.O.T. is more strictly speaking a form of project finance. The scheme, originally developed by Turkey, works as follows: The successful bidder for the designated project provides financing for the project, operates the facility once completed for a specified time period and then transfers ownership to a public authority. In its role as investor, the contracting company repatriates earnings from its equity investment at a guaranteed rate of exchange, equivalent to the cost of the project inputs.

### Buy-back

Transactions involving the supply of capital equipment which is paid for with the resultant product of the factory/enterprise. Sometimes called compensation, cooperation or industrial cooperation.

### Clearing Agreement

See Bilateral Trade and Payments Agreements.

### Compensation

The term with the widest spread of variety of meaning. Variously used as the generic term for all countertrade, as an alternative for buy-back, as an alternative for barter-style countertrade and partial compensation to indicate deals partly settled in cash and partly through countertrade.

### Counterpurchase

Transactions where an exporter, in order to win a contract, agrees to accept an obligation to take out products from the country concerned over time. Usually involves two or more separate but linked contracts.

### Countertrade

Generic term for reciprocal forms of trading.

### Disagio

The discount required by final buyers of countertrade goods in order to provide a purchasing incentive.

### Escrow

Longman's Business Dictionary:

"a written agreement such as a contract, deed or bond that has been formally delivered by one of the parties to an independent person to be held in trust and to be delivered to the other party only when he has performed some stated duty, such as the payment of a sum of money. While the document is held in trust by the independent person it is said to be in escrow."

An escrow account is a bank account often used in countertrade transactions which offers specific guarantees to the parties to the escrow agreement.

### Evidence Accounts

A monitoring mechanism by which each party to a reciprocal transaction records the inflows and outflows of a particular deal until the terms of the contract are fulfilled. May be maintained in the form of "mirror accounts" at banks in each country.

### Linked Deals (Junktim)

Terms mostly used in the context of East/West countertrade involving an undertaking that future Western exports may be allowed to the value of goods already purchased. Sometimes called pre-compensation.

### Linkage

Commonly used in various contexts, including the link between two separate but related contracts and, more specifically, the contractual right to procure goods from government departments/organisations other than the one concerned with the sale agreement. Can also be used to describe the purchase of products from a country before the execution of the export sales contract.

### Offset

Occasionally used in a generic sense for any arrangement involving the reciprocal supply of goods, but usually reserved for transactions where aerospace or military equipment suppliers agree to procure related or unrelated goods from the purchasing country, or to assist in related production activities.

### Parallel Trading

Used in a generic sense and also as an alternative to counterpurchase.

### State Trading Agreement (STA)

Also sometimes known as special trade agreements or special trade arrangements, these are trade agreements between either two parastatal corporations or one parastatal and one private international trading company. They normally define a level of reciprocal trade over a specified period and can include very diverse product ranges in one contractual agreement. The period of the agreement is often one year with provision made for extensions.

### Swap

Usually reserved for the simple exchange of bulk commodities, e.g. oil, where the same or similar commodity is used on both sides, perhaps to save on transport costs. Usually considered to fall outside the definition of countertrade.

### Switch Trading

Various operations concerned with resolving imbalances in bilateral payments agreements, particularly where a third country supplies goods to the creditor nation within the bilateral agreement.

### Trust Account

Similar to escrow, but the trust account is held separately from the general assets of the parties. They can accrue interest which is returned to the settlor on completion of the contractual obligations of the countertrade transaction. The trust concept is defined according to British law in the Trust Act of 1925.

**Appendix 2    EXAMPLES OF COUNTERTRADE CONTRACTS**

This appendix contains a number of examples of countertrade contracts. These are given purely for illustrative purposes and should NOT be regarded as blueprints.

1. Sample Countertrade Contract (from ASTRO, Manual of Comprehensive Reference Service on Countertrade).
2. Model Counterpurchase Contract (from ECE Guide on Drawing up International Contracts for Compensation Based Transactions).
3. State Trading Agreement between Private Trader and State Trading Corporation (from private source).
4. Example of Interbank Agreement (from private source).

1. Sample Countertrade Contract (from ASTRO Complementary Manual of Comprehensive Reference Service on Countertrade).

Countertrade commitment No.  
concluded between (the supplier)  
and (the importer)

#### Article I

- 1 (The importer) and (the supplier) have concluded contract No.... on (date) for the purchase of.... by (the importer). The value of the purchase is US\$...
- 2 (The supplier) commits himself to buy, or to have bought by third parties of his free choice, goods suitable to (the CT-committed and/or CT-fulfilling partners) at competitive prices and terms of delivery as herein defined by (the end-user of the CT goods, or the third party)
- 3 The value of (the supplier's) counterpurchases will be US\$... From this amount, goods for US\$... can be taken from (the importer) and/or goods for US\$... from (other specified or unspecified companies and/or organisations in the CT-demanding country)
- 4 Prices for goods accepted in CT under this commitment will be established according to the following method:  
...
- 5 (The supplier) commits himself to order, or have ordered, goods qualifying for CT according to I.3 by (exact date), and to provide, or have provided, cover in payment of these goods

#### Article II

- 1 In case (the supplier) fails to fulfil his commitment, either completely or partly, by the date stipulated in I.5, a penalty of ...% of the unfulfilled value of the commitment is to be paid by (the supplier) to (the CT-demanding importer) in (currency)
- 2 To secure the transfer of this penalty, (the supplier) will issue, or cause to be issued by a third party, a bank guarantee for the penalty in question by (exact date: 3-6 months before the point of time fixed in I.5). The penalty will be payable to (the importer) through the (importing country's) foreign trade bank (against presentation of the following documents...)
- 3 Non-delivery of goods offered for CT fulfilment and eventually contracted by (the supplier) or a third party in full or partial fulfilment of this commitment will release (the supplier) from his commitment for the amount of the respective non-executed orders without penalty, recourse or any other claim at any time by (the importer) or (the would-be exporters of the CT goods) or authorities in the CT-demanding country

Article III

- 1 (The supplier) and (the importer) agree that only those contracts bearing the clause, "This contract is considered and agreed by both parties to be associated with contract No... with (the importer)", will be counted in fulfilment of the commitment made in I.3
- 2 (The supplier) and (the importer) will carry separate books of account on any and all contracts concluded in fulfilment of this commitment. The accounts of both parties will be mutually reconciled quarterly

Article IV

- 1 The two signatories of the CT commitment agree that the CT commitment will be null and void if (the supplier's) sales contract No..... of (date) with (the importer) does not come into force, irrespective by whose fault

Article V

- 1 Should disputes or disagreements arise concerning the wording or interpretation of this contract or its implementation, both parties will make every effort to resolve such disagreements in an amicable manner. In the event of failure to resolve such disagreements or disputes within a reasonable period of time, the parties agree to place the issue(s) before the Arbitration Commission at the International Chamber of Commerce, Paris, on the basis of the Commercial Law of....., and its Deeds of Arrangement and arbitration rules, and to be bound singly and collectively by its decision. The seat of any Arbitration Court will be in Paris

2. Model Counterpurchase Contract (from ECE Guide on Drawing Up International Contracts for Compensation Based Transactions).

Model Commercial Compensation (Counterpurchase) Contract  
between Counterseller and Counterpurchaser

COUNTERPURCHASE CONTRACT

Between

Alpha/Corporation 1//Foreign Trade Organization 1//  
of 1, Alpha Street, 00100 Alphatown, Alphaland  
(hereinafter referred to as "Alpha")

and

Beta/Corporation/Foreign Trade Organization/  
of 1, Beta Street, 00200 Betatown, Betaland  
(hereinafter referred to as "Beta")

WHEREAS,

Under a Sales Contract dated \_\_\_\_\_ 19\_\_\_\_ (hereinafter referred to as "the Sales Contract")  
Alpha has sold to Beta, and Beta has purchased from Alpha, under the terms and conditions set forth  
in the Sales Contract, the equipment specified therein (hereinafter "the Equipment").

As compensation to the Sales Contract, and under the terms and conditions set forth in this Contract,  
Beta agrees to sell to Alpha, and Alpha agrees to purchase from Beta, the products specified herein.

NOW, THEREFORE, the parties to this Contract agree as follows:

1/ The words, or groups of words, separated by strokes are alternative formulations. Delete the one(s) not applicable.  
See, also, footnotes 3/, 4/ and 11/.

ARTICLE 1 - THE COMPENSATION COMMITMENT

- 1.1 Alpha hereby agrees to purchase/or procure the purchase/from Beta/or (from Betaland/, under the terms and conditions set forth in this Contract, products which belong to the product 2/ group(s) specified in ARTICLE 3 of this Contract (hereinafter referred to as "the Products", 2/ and take delivery/or procure the taking of delivery/of the said Products.
- 1.2 Beta hereby agrees, under the terms and conditions set forth in this Contract, to sell and deliver/or procure the sale and delivery of/such Products to Alpha, and to accept the purchase by Alpha of such Products as compensation within the framework of this Contract.

ARTICLE 2 - ASSIGNMENT

- 2.1 Alpha may assign the whole, or a part, of its counter-  
(A) 3/ purchase undertaking under this Contract, to any third party.
- 2.1 Alpha shall not be entitled to assign its counterpurchase undertaking under this Contract, either as a whole, or any part of it, to any other entity/without the express written consent of Beta 4/ which consent shall not be unreasonably withheld./
- 2.2 In case Alpha shall assign any part of its counterpurchase commitment under this Contract to a third party (hereinafter referred to as "the Assignee")/  
(A) all rights and obligations of Alpha under this Contract with regard to the assigned portion of the counter-  
purchase obligation shall terminate at the time when the assignment contract between Alpha and the Assignee becomes effective, and the respective rights and obligations shall be vested in the said Assignee; provided that in the said agreement the Assignee assumes:  
all Alpha's obligations agreed upon in this Contract with regard to the portion so assigned.
- 2.3 Alpha agrees to include in its agreement with any Assignee appropriate provisions whereby the Assignee commits itself to be bound by this Contract with regard to the assigned portion of the counterpurchase commitment, as if this Contract had originally been executed by the Assignee. In consideration for the said commitment, Beta agrees to be bound by this Contract against the respective Assignee, with regard to the assigned portion of the counterpurchase commitment, as if this Contract had originally been executed with the Assignee.

ARTICLE 3 - THE PRODUCTS

- 3.1 In fulfillment of its counterpurchase commitment Alpha may purchase/  
(A) 3/ any of the Products listed in Appendix 1 attached to this Contract.
- (B) 3/ any Products marketed by Beta. The Products marketed at present by Beta are listed in Appendix 1 attached to this Contract.
- (C) 3/ any Products marketed either by Beta or the/companies/foreign trade organizations/listed in Appendix 1 attached to this Contract.
- 3.2 Beta/warrants that, to the best of its knowledge,/does not warrant that/all products listed in the said Appendix 1/sufficient products/are under production in Betaland at the time when this Contract is signed and will be available for purchase, at the times specified in ARTICLE 11 of this Contract.

2/ Use word "service" and "Services" when applicable.  
3/ When alternative formulations comprise entire clauses, sentences, or half-sentences, the various alternatives are indicated with capital letters (A), (B), etc.  
4/ Replace "Beta" with the name of appropriate Government body in Betaland, when applicable.

3.3 Alpha undertands and accepts that while the Products specified in paragraph 3.1 above have been authorized by the competent authorities as products qualifying for compensation within the framework of this Contract, no official authorization, necessary for such qualification, has yet been applied for by Beta. Beta undertakes to file such application(s) within        days/weeks/months from the signing of this Contract, and to inform Alpha about the status of any application every        days/weeks/months until all applications have either been accepted or rejected.

3.3 (A) Beta hereby warrants that the Products specified in paragraph 3.1 above have been authorized by the competent authorities as products qualifying for compensation within the framework of this Contract.

3.3 (B) Alpha undertands and accepts that while the Products specified in paragraph 3.1 above are, to the best knowledge of Beta, of the kind and nature as to qualify for compensation within the framework of this Contract, no official authorization, necessary for such qualification, has yet been applied for by Beta. Beta undertakes to file such application(s) within        days/weeks/months from the signing of this Contract, and to inform Alpha about the status of any application every        days/weeks/months until all applications have either been accepted or rejected.

ARTICLE 4 - CONFORMITY OF THE PRODUCTS 5/

4.1 The Products to be delivered must be of the quantity, quality and description required by the individual purchase contracts (hereinafter referred to as "the Purchase Contract(s)") to be concluded within the framework of this Contract and must be contained or packaged in the manner required by the respective Purchase Contract.

4.2 Except where the parties to a Purchase Contract have agreed otherwise, the Products do not conform with the Purchase Contract unless they:

(a) are fit for the purposes for which goods of the same description would ordinarily be used;

(b) are fit for any particular purpose expressly or impliedly made known to the seller (hereinafter referred to as "the Seller") of the Products, at the time of the conclusion of the Purchase Contract, except where the circumstances show that Alpha (or the Assignee), in the capacity of buyer of the said Products (hereinafter referred to as "the Buyer") did not rely, or that it was unreasonable for it to rely, on the said Seller's skill and judgement;

(c) possess the qualities of goods which the Seller has held out to the respective Buyer as a sample or model;

(d) are contained or packaged in the manner usual for such goods or, where there is no such manner, in a manner adequate to preserve and protect the Products.

4.3 The Seller of the Products is not liable under paragraph 4.2 for any lack of conformity of the Products if at the time of the conclusion of the Purchase Contract the respective Buyer knew or could not have been unaware of such lack of conformity.

ARTICLE 5 - THE AGGREGATE VALUE OF THE COMPENSATION COMMITMENT

5.1 During the term of this Contract Alpha shall purchase Products for the value of/

(A) \_\_\_\_\_ \$/ (B) not less than        per cent (       %) of the total FOB price of the Equipment as specified in Article X of the Sales Contract.

5.2 The value of each of the Purchase Contracts to be applied against Alpha's counterpurchase commitment under this Contract shall be the FOB        % value of the respective Purchase Contract.

5.3 The value of each of the Purchase Contracts, if invoiced in a currency other than the currency in which Alpha's counterpurchase commitment is set forth hereabove, shall be applied against Alpha's commitment at the exchange rate quoted by the Central Bank of        \$/ at the date of the invoice issued in respect of such Purchase Contract.

5/ This Article 4 is based on Article 35 of the United Nations Convention on Contracts for the International Sale of Goods (1980).  
 6/ Indicate amount and currency.  
 7/ Insert here the applicable rule of interpretation of the term of delivery, e.g. Incoterms 1940, CIPPA-CGD 1968.  
 8/ Indicate name of the country.

5.4 Alpha's undertaking to purchase Products for the value set forth in Paragraph 5.1 is agreed by the parties hereto/ (A) to represent a commitment over and above Alpha's purchase commitments, existing or under negotiation at the time when this Contract is signed, for products produced in Metaland. (B) to include Alpha's purchase commitments existing or under negotiation at the time when this Contract is signed, for products produced in Metaland.

ARTICLE 6 - RESALE OF THE PRODUCTS

6.1 Alpha/or the Assignee(s)/shall have the right to resell the Products in the territory agreed upon below in paragraph 6.2 (hereinafter referred to as "the Territory").

6.2 The Territory shall include/ (A) all countries in the world without any restrictions whatsoever. (B) The Territory shall include/ those countries set forth in Appendix I with respect to each of the Products or Product groups mentioned therein.

(C) Alphaland.

6.3 The Products shall not be resold outside the Territory without the written consent of Beta. 9/

6.4 It is agreed by the parties hereto that the restrictions set forth in paragraphs 6.2 and 6.3 above shall be construed as undertakings from the part of Alpha/or the Assignee/to refrain from actively putting the Products in the market outside the Territory. 9/ 10/

ARTICLE 7 - THE PRICE OF THE PRODUCTS

7.1 The parties agree that, (A) the prices of the Products offered under this Contract shall correspond to/ 7.1 The parties agree that, in order for Alpha to meet the costs resulting from/ interim financing/performance guarantees/ resale commissions or discounts/ the prices of the Products offered under this Contract shall be \_\_\_ per cent (\_\_\_ %) below/

(A/B-1) 11/ the price generally charged at the time of the conclusion of the respective Purchase Contract for such products under comparable circumstances in the trade concerned. 12/

(A/B-2) 11/ the fair/average/market value of the Products in the Territory under competitive terms of delivery and payment.

(A/B-3) 11/ the prices of competing products, of essentially similar specifications and quality standards than those of the Products, in the Territory under competitive terms of delivery and payment.

(A/B-4) 11/ the quotation of the Product at the \_\_\_ exchange on the date when the respective Purchase Contract is concluded.

7.1 the parties agree that the prices of the Products shall be agreed upon (C) from case to case by the respective Seller and Buyer of the Products.

7.2 Notwithstanding the provisions of paragraph 7.1 above, Alpha/and the Assignee(s)/shall always be granted most-favoured-customer conditions in the Territory with regard to the Products, even if that could result in purchase prices below those agreed upon in the said paragraph 7.1.

9/ Not applicable if alternative A is chosen.

10/ Should be included if Alphaland or any of the countries listed in Appendix I are member countries of the European Economic Community (EEC).

11/ (A/B-1) to (A/B-4) are alternative clauses to be combined with either 7.1(A) or 7.1(B).

12/ This alternative is based on Article 55 of the United Nations Convention on Contracts for the International Sale of Goods (1980).

7.3 The prices of the Products shall be quoted and paid for in \_\_\_\_\_ 6/

7.4 In the event that Alpha/or the Assignee(s)/ shall be of the opinion that the Products are not offered at prices provided for in paragraphs 7.1 and 7.2 above, Alpha/or the Assignee(s)/shall have the right to request the offer price to be determined in accordance with paragraph 20.4 below.

ARTICLE 8 - THE CONCLUSION OF PURCHASE CONTRACTS

8.1 From time to time during the term of this Contract, Beta shall submit/or procure the submission/ to Alpha/of/sale offers for the Products (hereinafter referred to as "Beta Offers"), for delivery within the framework of this Contract.

8.2 Beta agrees that,

(I) each Beta Offer shall contain full details of the quantities in which the products are available, prices and proposed delivery dates)

(II) each Beta Offer shall specify that it relates to the obligations of Alpha and Beta, respectively, under this Contract;

(III) the Beta Offers shall be binding on the offerer for a period of at least \_\_\_/days/weeks/months from the date of submission; and that

(IV) the deliveries offered in the Beta Offers shall be for the value of at least \_\_\_\_\_ 6/ per delivery.

8.3 Notwithstanding the provisions of paragraphs 8.1 and 8.2 above, Alpha may independently from Beta invite sales offers (hereinafter referred to as "Alpha Offer Invitations") for the Products from Betaland, provided that in such invitations Alpha shall request that each offer shall specify that it relates to the obligations of Alpha and Beta, respectively, under the terms of this Contract.

8.4 In case Alpha shall assign any part of its counterpurchase obligation under this Contract, the parties hereto shall agree on whether the Beta Offers shall continue to be addressed to Alpha, or whether they, or part of them, shall be addressed to an Assignee designated by Alpha. Failing such agreement, the Beta Offers shall be deemed to be properly submitted if addressed to Alpha.

8.1 In order to fulfill its counterpurchase commitment under this Contract, Alpha shall invite sales offers for the Products from Betaland (hereinafter referred to as "Alpha Offer Invitations"), provided that in such invitations Alpha shall request that each offer shall specify that it relates to the obligations of Alpha and Beta, respectively, under this Contract.

8.2 At Alpha's request, Beta shall provide Alpha in Betaland all reasonable assistance at/no/cost in order for Alpha to contact potential Sellers of the Products.

ARTICLE 9 - REFERENCE

Each Purchase Contract as may be entered into by Alpha/or the Assignee/in accordance with the terms of this Contract, shall explicitly refer to this Contract and state that the said Purchase Contract is made in fulfillment hereof. Alpha agrees to include in its agreement with any Assignee appropriate provisions to this effect.

ARTICLE 10 - PAYMENT/COMPENSATION OF THE PRODUCTS

10.1 The Products shall be paid for in the currency agreed upon in paragraph 7.3 above, and in the manner set forth in paragraph 10.2 below.

10.1 In accordance with the provisions of ARTICLE XX of the Sales Contract, the parties agree that the Products shall be delivered as/full/partial/compensation of the price of the Equipment delivered under the Sales

Contract, and that no money payments shall thus be made for the said Products, provided, however, that the aggregate value of the Products purchased by Alpha/or the Assignee(s) shall not exceed the price of the Equipment/. in the event that Alpha/or the Assignee(s)/should purchase Products for a value exceeding the price of the Equipment, such exceeding values shall be paid for in the currency agreed upon in paragraph 7.2 above, and in the manner set forth in paragraph 10.2 below.

10.7 Each delivery of the Products shall be paid against the original documents set forth in paragraph 10.3 below/

10.2 In case any part of the Products shall be paid for (B) in money, each such part of the Products shall be paid against the original documents set forth in paragraph 10.3 below/

(A/B-1) through direct bank transfer to the bank account in Detaland, of the Seller of the respective Products.

(A/B-2) through an irrevocable and transferable Letter of Credit, allowing partial and trans-shipments, to be opened in the amount of the respective Purchase Contract at the latest \_\_\_ days after the signing of the said Contract, in the respective Seller's favour, and to be confirmed by the Bank in Detaland designated by the said Seller, such Letter of Credit to be valid for a period of \_\_\_ days/weeks/ months after the agreed date of delivery of the respective Products.

(A/B-3) by depositing the respective sums on a bank account (hereinafter referred to as "the Escrow Account"), opened by Alpha in Alghaland for this purpose, such sums to be subsequently debited, in accordance with ARTICLE XXI of the Sales Contract, from the Escrow Account as payments for the Equipment.

10.3 The/Products/Letter of Credit/shall be payable against the following documents:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

10.4 The Buyer of the Products shall bear all exchange and bank charges as well as any other costs./including the confirmation charges of Letters of Credit but/excluding the charges of the bank of Detaland for transferring the funds to the seller's account.

ARTICLE 11 - TIME SCHEDULES FOR PERFORMANCE

11.1 Beta agrees to submit/or have submitted/to Alpha, 11.1 Alpha agrees to submit by (A) by the dates set forth below in this paragraph, Beta (B) the dates set forth in this paragraph, Alpha Offer Offers for at least the cumulative values indicated below./the total amount of such Beta Offers/ below./the total amount of such Alpha Offer Invitations/

(A/B) 1)/ /being \_\_\_ per cent (\_\_\_ %) over and above the aggregate value of Alpha's compensation commitment, agreed upon in paragraph 5.1 above/

Dates Cumulative values

1.	___/___/19	_____
2.	___/___/19	_____
3.	___/___/19	_____
		total: _____

1)/ (A/B) may be combined with either 11.1(A) or 11.1(B).

11.2 The parties hereto agree that, by the dates set forth below in this paragraph, sums amounting to at least the cumulative values indicated below, shall have to be recorded in favour of the Seller of the Products in recognition of the deliveries of the respective Products, the total amount of the sums thus recorded/

(A/B) 14/ being equal to the aggregate value of Alpha's counterpurchase commitment, agreed upon in paragraph 5.1 above/:

Dates	Cumulative values
1.    /    / 19	_____
2.    /    / 19	_____
3.    /    / 19	_____
totals	_____

**ARTICLE 12 - MONITORING THE PERFORMANCE**

12.1 Alpha shall keep a record of all Alpha Offer Invitations it has made or procured to be made, and Beta shall keep a record of all Beta Offers it has submitted or procured to be submitted within the framework of this Contract. Both Alpha and Beta shall keep records on all Purchase Contracts concluded within the framework of this Contract. Each such record (hereinafter referred to as "the Evidence Account") shall be in the form set forth in Appendix 2 to this Contract.

12.2 In order to comply with the obligations agreed upon in paragraph 12.1 above, Alpha shall request, in cases where it shall not act as Buyer of the products, the respective Buyer(s) to provide the necessary information. For the same purpose, Beta shall request the respective Seller(s) to provide corresponding information.

12.3 The Evidence Accounts maintained by Alpha and Beta shall be compared and agreed by the parties through exchanges of letters on a quarterly basis during the term of this Contract, the first occasion being no later than   /  /19.

12.4 Alpha and Beta hereby agree that the Evidence Accounts, compared and agreed in accordance with paragraph 12.2 above, shall constitute final and conclusive evidence as to the performance of their obligations under this Contract.

**ARTICLE 13 - NONPERFORMANCE**

13.1 In the event that Alpha's compensation commitment, agreed upon in this Contract, has not been fully performed, in the manner, and by the date last mentioned, in paragraph 10.2 above, Alpha shall, upon written demand by Beta, remit to Beta as agreed and liquidated damages \_\_\_\_\_ per cent (\_\_\_\_ %) of the value of the Products yet to be purchased under paragraph 5.1 hereof.

13.1.1 The Products being delivered, in accordance with the provisions of ARTICLE XX of the Sales Contract, as/full/partial/compensation of the price of the Equipment delivered under the Sales Contract, the parties hereto agree that through its failure to perform, by the date last mentioned in paragraph 10.2 above, any part of its compensation purchases under this Contract, Alpha shall be deemed to have waived its right to be compensated for the corresponding part of the price of the Equipment.

13.2 Notwithstanding the provisions of paragraph 13.1 above, Alpha shall not be deemed to have waived its rights to be compensated for the price of the Equipment insofar as the lack of performance of Alpha's counterpurchase commitment is due/

13/ (A/B) may be combined with either 11.1(A) or 11.1(B).  
14/ (A/B) may be combined with either 11.2(A) or 11.2(B).

(A/B) to Beta's failure to procure the submission of Beta Offers, regarding products of the quality, cumulative value, or price, specified in ARTICLES 4, 7 and 10, respectively, of this Contract, or to the failure of the respective Seller(s) to deliver Products of the quality, cumulative value, or price, specified in ARTICLES 4, 7 and 10, respectively, of this Contract.

13.3 As guarantee for (A) the due performance of its payment obligations under this ARTICLE 13 Alpha shall obtain a bank guarantee from a bank in Alphaland, acceptable to Beta, for the sum of \_\_\_\_\_, that sum being equal to Alpha's compensation undertaking under paragraph 5.1 of this Contract. The bank guarantee shall be essentially of the form and contents as set forth in Appendix 3 attached to this Contract.

13.4 The payment by Alpha of the agreed and liquidated damages, set forth in Paragraph 13.1 above, shall be in full and final settlement of all claims that Beta may have against Alpha arising out of or in connection with the breach by Alpha of its obligations under this Contract.

13.3 If Alpha has failed to perform any part of its compensation purchases for the reasons set forth in paragraph 13.2 above, the parties shall resort to the procedure agreed upon in ARTICLE 15 below, in order to modify the appropriate provisions of this Contract so as to allow Alpha to perform its counterpurchases for the part not yet performed.

13.4 In the event that, by the agreed last date for complete fulfillment, and in spite of the parties having resorted to the procedure agreed on in paragraph 13.3 above, any part of Alpha's compensation commitment has not been fulfilled for the reasons set forth in paragraph 13.2 above, Beta hereby agrees to pay to Alpha, within \_\_\_\_\_ days after the said agreed last date for complete fulfillment, that part of the price of the Equipment which has remained uncompensated, such payment to be made in \_\_\_\_\_ 15/ through direct bank transfer to the bank account determined by Alpha for this purpose.

ARTICLE 14 - EXEMPTIONS 16/

14.1 A party is not liable for a failure to perform any of its obligations if it proves that the failure was due to an impediment beyond its control and that it could not reasonably be expected to take the impediment into account at the time of the conclusion of the contract or to have avoided or overcome the impediment or its consequences.

14.2 If the party's failure is due to the failure by a third person whom it has engaged to perform the whole or a part of this Contract, that party is exempt from liability only if:

- (a) it is exempt under paragraph 14.1 above; and
(b) the person whom it has so engaged would be so exempt if the provision of paragraph 14.1 above were applied to him.

14.3 Exemption under this ARTICLE 14 shall be available to the affected party for the period during which the impediment prevents it from fulfilling its obligations under this Contract. If the effect of the impediment lasts for more than \_\_\_\_\_ ( ) months, each party shall be entitled to terminate this Contract upon written notice to the other/

(A) and neither party shall be liable to the other for any expenses or losses thereby incurred. (B) and neither party shall be liable to the other for any expenses or losses thereby incurred, provided, however, that Beta shall pay to Alpha, within \_\_\_\_\_ days after the date of the termination, any part of the price of the Equipment that shall, as a result of the termination, remain uncompensated by the delivery of Products under this

15/ Indicate current year.
16/ This Article 1. is based on Articles 79 and 80 of the United Nations Convention on Contracts for the International Sale of Goods (1980).

Contract, such payment to be made in 5/ through direct bank transfer to the bank account determined by Alpha for this purpose.

14.4 The party who fails to perform must give notice to the other party of the impediment and its effects on its ability to perform. If the notice is not received by the other party within a reasonable time after the party who fails to perform knew or ought to have known of the impediment, it is liable for damages resulting from such non-receipt.

14.5 A party may not rely on a failure of the other party to perform, to the extent that such failure was caused by the first party's act or omission.

#### ARTICLE 15 - REVISION OF THE TERMS OF THIS CONTRACT

(A) If either party to this Contract should, during the course of performance of its obligations herein set forth, be of the opinion that, in view of the circumstances prevailing in the territory, either sufficient products are not available in Bekaland, or the products are not of agreed quality/or suitable export quality/or competitive in price/, the parties shall, at the request of either of them, review the said circumstances at the time. If, upon such review of the matter in good faith and in the spirit of co-operation with a view to reaching a mutually-acceptable solution, the parties agree that Alpha is not able to comply with the undertaking contained in this Contract for the reasons above given, then the appropriate provisions of this Contract shall be modified to take into account the said actual circumstances.

(B) The representatives of the parties to this Contract will meet from time to time to review the realization of this Contract and to make, by mutual agreement, such modifications in the Contract as may be considered necessary.

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#### ARTICLE 16 - THE EFFECT OF THE TERMINATION OF THE SALES CONTRACT OR THE PURCHASE CONTRACTS

16.1 In case the Sales Contract should subsequently be terminated/through no fault on the part of Alpha/for whatever reason/ (A) Alpha shall have, in addition to the remedies agreed upon in the Sales Contract, the option to terminate this Contract, such option to be exercised without unnecessary delay after termination of the Sales Contract. In the event that the Sales Contract should be so terminated only partially, Alpha shall have the above-mentioned option regarding a corresponding proportion of the counterpurchase commitment agreed upon herein.

(B) Alpha shall remain bound by its counterpurchase undertaking agreed upon in this Contract, irrespective of the grounds for which the Sales Contract was terminated.

16.2 For the purposes of this Contract, Alpha's counterpurchase commitment, agreed upon herein, or a respective part thereof, as the case may be,/

(A) shall be deemed fulfilled even if any Purchase Contract should later be terminated/through no fault on the part of Alpha/for whatever reason/.

(B) shall not be deemed fulfilled insofar as any Purchase Contract should later be terminated, irrespective of the grounds for which the Purchase Contract was terminated. In this case Alpha shall be obligated to conclude (a) fresh Purchase Contract(s) corresponding to the value of the terminated Purchase Contract(s) such fresh Purchase Contracts to be then carried out in accordance with the provisions of this Contract.

#### ARTICLE 17 - THE TERMS OF ALPHA OFFER INVITATIONS AND BETA OFFERS

17.1 The parties hereto agree that/the Alpha Offer invitation/and/or/the Beta Offer/ shall be deemed to have been made as required by this Contract only if they incorporate by reference/all provisions/the following provisions: \_\_\_\_\_ of this Contract as being term of the respective Purchase Contract to be concluded thereunder.

17.2 Regarding terms other than those referred to above, the parties to a Purchase Contract may agree on such terms on a case-by-case basis.

ARTICLE 18 - EFFECTIVENESS AND AMENDMENTS

18.1 Except as otherwise expressly provided in this Contract, this Contract supersedes and invalidates all other commitments or representations which may have been made by Alpha and Beta either orally or in writing prior to the date of signature of this Contract.

18.2 This Contract shall come into effect upon its signing by both parties and upon the approval of this Contract by the competent authorities in/Denland/and/Alphaland. Beta shall immediately notify Alpha/and/Alpha shall immediately notify Beta/by cable or telex of such approval, and the date of such notification/the dates of such notification/shall be the date on which this Contract comes into effect.

18.3 Amendments to this Contract will be effective only if they are made in writing and signed by legally authorized representatives of the parties, and if approved by the competent authorities in Uetaland/and/Alphaland.

ARTICLE 19 - APPLICABLE LAW AND AUTHENTIC TEXT

19.1 This Contract shall for all purposes be governed by, and construed in accordance with,

(A) the material and procedural law of \_\_\_\_\_ 17/ and the procedural law of \_\_\_\_\_ 17/

19.2 The \_\_\_\_\_ 18/ text of this Contract is authentic.

ARTICLE 20 - SETTLEMENT OF DISPUTES

20.1 All disputes or differences which may arise between the parties out of or in connection with this Contract, and which cannot be settled amicably by means of negotiation, shall be subject to arbitration by \_\_\_\_\_ 19/ arbitrator(s) under the rules of \_\_\_\_\_ 20/

20.2 The award of the arbitrator(s) shall be final and binding on the parties.

20.3 Notwithstanding the provisions of paragraphs 20.1 and 20.2, in the event mentioned in paragraph 7.4, the price of the Products shall be determined by one arbitrator appointed in accordance with the rules indicated in paragraph 20.1. Such arbitrator shall be appointed within \_\_\_\_\_ 21//weeks/months/after the request by Alpha/or the Assignment/for such appointment. Unless otherwise agreed by the respective parties, the parties shall be entitled to plead in writing only, and the arbitrator shall render his decision within \_\_\_\_\_ 21//weeks/months/after having been appointed. The decision of the arbitrator may be challenged by either party in an arbitration procedure in accordance with the provisions of this Article 20.

20.4 The arbitrators shall be fluent in \_\_\_\_\_ 18/ and the arbitration proceedings shall be conducted in the said language.

20.5 The place of arbitration shall be \_\_\_\_\_ 22/

\_\_\_\_\_ 19/

Alpha

by \_\_\_\_\_

beta

by \_\_\_\_\_

- 17/ Indicate country.
- 18/ Indicate language.
- 19/ Indicate number of arbitrators.
- 20/ Indicate applicable rules.
- 21/ Indicate time period.
- 22/ Indicate place and country.

3. State Trading Agreement Between Private Trading Company and Government Trading Corporation (from private source).

This STA agreement has been reproduced exactly from the original except that references to the particular partner country and the private trading company concerned have been removed.

STA AND PROTOCOL BETWEEN PARASTATAL TRADING CORPORATION OF COUNTRY A AND MESSRS. ABCD

WHEREAS THE PARASTATAL TRADING CORPORATION (hereinafter referred to as PTC) and MESSRS. ....(hereinafter referred to as "ABCD") being desirous of continuing to promote the export of Country A goods and commodities through (a) finding new markets for both traditional and non-traditional goods (b) finding increased access of Country A goods in existing markets (c) development of new export products, against import of some essential cash saving items, have mutually agreed to enter into Special Trading Arrangement on self-balancing basis valid for one year but renewable for further consecutive terms of one year each for a period of three years subject to the successful execution of each previous term.

AND WHEREAS PRIVATE TRADING CO. B. of Country A shall act as the local representative of ABCD.

Now in pursuance therefore the parties hereto agree to conclude the protocol as follows:-

ARTICLE I

That ABCD shall make purchase from PTC/Other Govt. Corporation/Private Sector of goods and commodities indicated in Schedule "A" annexed herewith and the PTC/Other Govt. Corporation/Private Sector shall make purchase from ABCD of goods indicated in Schedule "B" annexed herewith. These schedules of goods may be modified, if necessary, during the validity of the STA by mutual consent of the two parties expressed in writing.

ARTICLE II

That either side shall make purchase of goods and commodities for a total value of US\$ 10.00 (ten) million and the ceilings for individual item have been indicated in the Schedule "A" and "B". These ceilings may be increased on the basis of performance following a review to be made six months after the conclusion of the Arrangement.

Unless otherwise provided in individual contracts, the value of goods to be purchased from Country A shall be mentioned on FOB basis and the value of the goods to be imported into Country A shall be mentioned on C & F basis.

ARTICLE III

That the trade and exchange of goods between the two contracting parties shall be conducted in accordance with the import and export laws, rules and procedures and the foreign exchange regulations in force from time to time in Country A.

#### ARTICLE IV

That contracts under this Arrangement shall be negotiated and finalised between PTC/Other Govt. Corporation/Private Sector in one part and ABCD in other part.

All contracts under this Arrangement shall be made on normal commercial terms and at internationally competitive prices. Quality and specifications of the goods to be imported/exported under this Arrangement shall be of international standards and/or as will be specified in contracts and mutually acceptable.

#### ARTICLE V

That exports under this Arrangement will be eligible to all the benefits of normal export incentive wherever applicable.

#### ARTICLE VI

That ABCD's local representative/nominee will be allowed to directly purchase commodities from the national auctions and export the same with the approval of the competent authority. With regard to other items covered by Schedule "A" they will be free to buy the goods/commodities from the concerned Government Corporation/PTC/Private Sector.

M/s. ABCD shall register all export contracts with the PTC before conclusion with the Govt. Corporation/Private Sector.

#### ARTICLE VII

That the pre-shipment inspection of goods to be imported into Country A will be carried out if desired by buyers by Inspecting Agents to be nominated by the concerned importing organisation at sellers' (M/s. ABCD's) cost. In case of export goods, the pre-shipment inspection may be carried out if desired by the buyers at M/s. ABCD's expense by Inspection Agent(s) to be nominated by the buyer or PTC or concerned Govt. Corporation.

#### ARTICLE VIII

That this protocol shall be effective from the date of its execution and remain valid for one year renewable on mutual agreement for further consecutive terms of one year each for a period of three years subject to the successful execution of each previous term. All contracts under this Protocol shall be concluded as soon as possible and shipment whether of import or export shall be completed within the said period. This Protocol may, however, be extended by grace period/periods by mutual agreements.

#### ARTICLE IX

For the purpose of settling transactions under this Arrangement an internationally reputed bank, nominated and authorised by ABCD shall open with a Scheduled Bank in Country A to be designated by Central Bank of A (hereinafter referred to as "designated bank") a Special non-convertible US DOLLAR Account which will be self-balancing through exchange of goods.

ABCD's nominated bank and the designated bank shall mutually agree on the mode of settlement of transactions.

#### ARTICLE X

All contracts, invoice and other documents relating to the transactions to be effected under this Protocol shall be expressed in US DOLLAR.

#### ARTICLE XI

All transactions under this Arrangement both for imports and exports shall be routed through the said account and all Licences, permits, letters of credit and authorisations, etc. issued to cover the transactions shall be booked through the aforesaid Bank and shall bear clear reference to that Account.

#### ARTICLE XII

ABCD's nominated bank may operate their Dollar Account with an overdraft limit of US\$1,000,000 if from time to time exports from Country A are in advance of imports to Country A. But the amount of overdraft will bear interest at the rate of ..... per annum.

#### ARTICLE XIII

If ABCD should be ahead in their exports to Country A the respective credit balance realised from letters of credit established in their favour will remain in the aforesaid Dollar Account, until the amount has been fully utilised according to Article XIV(d) and will bear interest at the rate of ..... per annum.

#### ARTICLE XIV

The mode of payment for import into and export from Country A shall be as under:-

#### IMPORT INTO COUNTRY A

- a) The PTC/Govt. Corporation/Private Sector authorised for the purpose of importing the goods/commodities specified in schedule "B" shall pay into such Account as in Article IX the full C & F value by means of irrevocable, transferable, divisible and confirmed sight letter/letters of credit. Such letter/letters of credit shall be opened in US Dollar in ABCD's favour with the designated bank in Country A.

Such letter/letters of credit shall be negotiable against the following documents:-

- i) Full set of clean on board bill of lading made out to order or blank endorsed covering shipment/shipments of goods or commodities marked "Freight pre-paid" and showing destination ports.
- ii) ABCD's original invoice and seven copies thereof duly signed covering the shipment/shipments showing quantity of goods/commodities shipped, unit price and total C & F invoice value in US Dollar.
- iii) Any other documents required by the buyers as per terms of the contract/contracts.
- b) Such letter/letters of credit shall be opened in accordance with the terms and conditions of the contract/contracts.
- c) The resulting Dollar amount of negotiation(s) of the above mentioned letter/letters of credit shall be credited to ABCD's nominated bank's Dollar account in Country A as mentioned in Article IX.

#### EXPORT FROM COUNTRY A

- d) Payments for exports from Country A shall be effected by debiting ABCD's nominated bank's Dollar account in Country A as mentioned in Article IX as follows:-
- i) The value of commodities to be exported from Country A against confirmed, irrevocable, divisible and transferable sight letter of credit to be established by ABCD. All such export L/C shall be opened in favour of PTC through the designated bank in Country A.
- ii) Loading and Inspection charge relating to the exports.
- iii) Normal banking charges.
- iv) Maritime freight, if any.

#### ARTICLE XV

The designated bank shall be required to furnish in the first week of every month a report (as per proforma to be prescribed) on the transactions on account of both import and export items during the preceding month, to the two parties to this Arrangement.

ARTICLE XVI

That while charges for establishment of the letter of credit will be on account of the buyer, charges for negotiation and confirmation if required of the L/C shall be on account of the beneficiaries. Charges for extension/amendment of L/C shall be on account of the party responsible for such extension/amendment.

ARTICLE XVII

That normally no Dollar balance in the aforesaid account maintained with designated bank shall be converted into any other foreign currency or remitted outside Country A and imbalance, if any, at the end of the tenure of the STA shall be adjusted through supply of goods as much as possible. However, if the Account is not fully balanced even after the extension of the validity of the STA for certain period, then the balance amount is to be remitted in free foreign exchange.

ARTICLE XVIII

That ABCD shall pay to the PTC a non-refundable commission of the value of the goods exported from Country A whether those are purchased from PTC/Government Corporation or from any other agency or parties in Country A. Such payments are to be made in excess of the value of each protocol and remitted to PTC on quarterly basis.

ARTICLE XIX

That the PTC under no circumstances shall have any liability whatsoever in connection with and relating to export of the goods indicated in Schedule "A" and regarding price, quality, quantity, packages, grades, shipment schedule, etc. and/or for completing and effecting the contract/contracts for export of goods indicated in schedule "A" except for those which are purchased through and exported by the PTC.

ARTICLE XX

That ABCD shall keep the PTC continuously informed as to the progress of shipment, prices, etc. of goods and commodities indicated in schedule "A" and "B" of this STA.

ARTICLE XXI

That all letters of credit, invoices and other shipping documents relating to export of goods under the STA shall bear reference of "PTC-ABCD" STA, dated.....

#### ARTICLE XXII

That import and export cargo generally be transported in Country A Flag vessels. In case of non-availability of any vessel of Country A Flag other vessels can be used by notifying PTC.

#### ARTICLE XXIII

That the goods and commodities specified in Schedule "A" and "B" and the value shown against each item or group of items shall not be amended except by mutual agreement between the contracting parties.

#### ARTICLE XXIV

That notwithstanding anything contained in any contract and/or the contracts to be executed between the parties pursuant to this Special Trading Arrangement for the due fulfilment of this Arrangement review meeting will be held in Country A between the two parties once in every six months from the date of execution of this Arrangement and any imbalance in the export from the imports into Country A pursuant to the contracts and other unforeseen problems if any, under this Arrangement, shall be resolved or settled by mutual negotiation.

#### ARTICLE XXV

That all questions, disputes and differences relating to and arising out of this Arrangement and/or the contracts to be executed pursuant to this Arrangement or in any way covering it shall be amicably settled by the parties by mutual negotiations. Should such negotiations fail, the matter shall be referred to two arbitrators, each party nominating one of them. In case the two arbitrators fail to agree among themselves, the matter shall be referred to a common umpire whose decisions shall be final and binding upon the parties and in case the two arbitrators fail to agree on a common umpire, the International Chamber of Commerce London may be requested by either party to designate an umpire and such designation shall be final.

Such arbitration shall take place in Country A in accordance with the Municipal Laws of Country A and the parties shall bear their own costs themselves. The contracts to be executed pursuant to this STA and Protocol shall be interpreted and construed with special reference to this Arrangement.

This Arrangement (Protocol and STA) is signed on the..... day of..... 19.....in two original copies in English language, both of which are equally authentic.

SIGNED

(FOR ABCD)

FOR PARASTATAL  
TRADING CORPORATION OF COUNTRY A

WITNESSES

1.

2.

EXPORTS FROM COUNTRY ASCHEDULE "A"

<u>Sl. No.</u>	<u>Name of the Commodity</u>	<u>Value ceiling in Million US Dollar</u>
1.	Fibres and related products	2.20
2.	Shrimps/Frozen/Marine food	0.50
3.	Tea (loose)	0.45
4.	Tea (packet)	0.55
5.	Hides and Skins	0.50
6.	Fruits and Vegetables	1.00
7.	Wheat and Rice Bran (animal food)	0.30
8.	Rape Seed Extracts	0.50
9.	Spices	0.20
10.	Hardboard	0.20
11.	Cellophane	0.10
12.	Soap and Detergents	0.10
13.	Stainless Steel Cutlery	0.10
14.	Electric Switch & Appliances	0.10
15.	Carpets	0.60
16.	Readymade Garments	1.00
17.	Specialised Textiles	0.10
18.	Hosiery Products	0.10
19.	Electric Wires and Cables	0.20
20.	Handicrafts	0.30
21.	P.V.C. Pipes	0.10
22.	Potato	0.10
23.	Ceramic Products	0.10
24.	Crushed Bones	0.20
25.	Leather Goods including Footwear and Handbags	0.40
	Total	10.00 million

IMPORT INTO COUNTRY A:SCHEDULE "B"

<u>Sl. No.</u>	<u>Name of the Commodity</u>	<u>Value Ceiling in Million US Dollar</u>
1.	Dyes and Chemicals	1.50
2.	Drugs and Medicines	4.00
3.	Pharmaceutical Raw Materials	3.00
4.	X-Ray Film	0.25
5.	Electromedical Hospital Equipment including X-Ray Machine	0.25
6.	Milk Food Full Cream 5 lbs. tin	0.70
7.	Pesticides	0.30
	Total	10.00 Million

4. Example of Interbank Agreement (from private source).

## INTERBANK AGREEMENT

THIS INTERBANK AGREEMENT has been made on the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_, between

- 1) The National Bank of country X  
(hereinafter called "NBX"); and
- 2) Bank of Y  
(hereinafter called "BY")

Pursuant to Article 5 and other relevant articles of the "Trade Agreement" dated \_\_\_\_\_ between Messrs. the Trading Corporation of X (hereinafter called "TCX") and Messrs. The Bank of Y (hereinafter called "BY") NBX and BY have agreed upon the following:-

### Article 1

1.1. For recording and settlement of the payments related to the mutual deliveries of goods to be made under the Trade Agreement and, subject to the provision set forth hereunder, NBX and BY will each establish a special settlement account (the "Trade Account") in U.S. Dollars which will work on a yearly basis. The Trade Account will record credit and debit entries, as the case may be, coming from the receipt and payment of delivered goods according to the provisions of this Interbank Agreement.

1.2. All payments are to be made without actual transfer of funds subject to the provisions set forth in Article 5.

1.3. The balance recorded on the Trade Account may not at any time exceed the maximum level of US\$ 10 million either to the credit or to the debit. When outstanding balance on the Trade Account tends to reach the maximum level referred to in this Article, the bank recording the import surplus shall temporarily suspend opening of fresh import letters of credit under this Agreement, unless otherwise mutually agreed to as a special case, while the concerned contracting parties take steps to expedite transactions so that the imbalance is reduced to the minimum.

### Article 2

2.1. The balance recorded on the Trade Account will bear interest at the London Interbank Offered Rate quoted for one month U.S. Dollar deposits in the London Eurodollar Market at 11.00 a.m. London time on the first working day of each calendar month, as reported in the Reuters' ticker (Reuter Money Report). Such rate shall be applied to the above stated daily balance until the next revision of the rate, which will occur on the first working day of the immediately following calendar month.

2.2. The computation of interest will be made on the basis of a 360 day year and the actual number of days elapsed and shall commence on such value date as referred to in Article 3.4.

2.3. The interest will be calculated by NBX and recorded on a quarterly basis without deduction for any present or future taxes, levies or withholdings of any nature now or hereafter imposed by any taxing authority in a separate account to be designated at the "Interest Trade Account", which NBX and BY will each establish in U.S. Dollars, within thirty (30) days from the end of \_\_\_\_\_ and every quarter thereafter. Within twenty (20) days from the end of each quarter, NBX will furnish a statement of interest due, which will be confirmed by BY within ten (10) days from their receipt of such statement by NBX, and the balance of the "Interest Trade Account" will be transferred to the "Trade Account" at the end of one year or at the expiry of this Interbank Agreement in order to be settled pursuant to Article 5 of this Interbank Agreement. However, in the event this Interbank Agreement expires on a day other than the day at the end of a quarter, the interest accrued thereon but not yet recorded pursuant hereto will be recorded as of the expiry of this Interbank Agreement directly in the Trade Account within thirty (30) days from the expiry of this Interbank Agreement, such accrued interest to be calculated by NBX within twenty (20) days from the expiry of this Interbank Agreement and confirmed by BY within ten (10) days from their receipt of the statement which will be furnished by NBX within twenty (20) days from the expiry of this Interbank Agreement.

### Article 3

3.1. According to the provisions of this Interbank Agreement, the settlement of payment of delivered goods will be effected in conformity with the commercial contracts separately concluded within a scope of the Trade Agreement by means of the irrevocable documentary letters of credit (the "Letter(s) of Credit" or the "L/C(s)", as the case may be).

3.2. The value of the goods exported from country X shall be on FOB basis and of those imported into country X on FOB/C&F basis, as the case may be.

3.3. The Letter of Credit opened by NBX or BY in order of TCX and/or other Public/Private enterprises or \_\_\_\_\_ (and/or its nominees) respectively will restrict the negotiation of the draft, which is to be drawn on TCX and/or \_\_\_\_\_ (and/or its nominees) respectively under the Letter of Credit and payable at sight for negotiation, to the counters of BY or NBX as the case may be, against documents in full compliance with the terms and conditions of the Letter of Credit.

3.4. The negotiating bank will record a debit entry in the Trade Account maintained by them, under advice by telex to the L/C issuing bank of (i) the L/C reference number, (ii) the amount of the draft drawn and negotiated under the Letter of Credit and (iii) the value date being the date of negotiation of the draft presented under the Letter of Credit and the L/C issuing bank will record with the same value date a credit entry in the Trade Account maintained by them in a corresponding amount; provided that the credit or debit entries to the Trade Account during the currency of this Interbank Agreement shall not be recorded after the date which is fifteen (15) days before the expiry of this Interbank Agreement.

3.5. All bank charges and commissions incurred by NBX and BY in connection with this Interbank Agreement and the Letters of Credit will be borne by TCX and/or \_\_\_\_\_ (and/or its nominees) respectively and shall not be recorded in the Trade Account nor the Interest Trade Account.

3.6. The responsibility of NBX and BY under this Interbank Agreement with respect to receiving, handling and controlling documents under and in connection with each Letter of Credit as well as any other handling operations related thereto shall be governed by the provisions of the Uniform Customs and Practice for Documentary Credits (Revision 1983 ICC Publication No. 400) or its subsequent revisions.

3.7. In the case of exports from country X the National Shipping Corporation may have the first right of refusal subject to competitive freight rates and availability of vessel.

#### Article 4

4.1. All invoices as well as all banking correspondence on any documents regarding the transactions under this Interbank Agreement will be expressed in U.S. Dollars and will be marked "TCX \_\_\_\_\_ Agreement of \_\_\_\_\_ 19..."

#### Article 5

5.1. In the event that there remains any balance on the "Trade Account" as of the expiry of this Interbank Agreement, which includes all interests accrued up to that expiry, by mutual written consent of NBX and BY this Interbank Agreement shall be extended for 90 days to facilitate reduction of such balance through delivery of goods and by adjustment, if necessary in individual item ceilings, by mutual co-operation.

5.2. The balance recorded on the Trade Account as of the end of such extended period, which includes all interest accrued up to the end of that period, will be settled between NBX and BY through actual transfer of funds in U.S. dollars to such account as designated by the relevant bank, such transfer to be made within a period of forty (40) days of the end of that period or such other period as mutually agreed between NBX and BY provided that such balance recorded in the Trade Account shall bear interest at the same rate set forth in Article 2 hereof until the settlement of the Trade Account has been made pursuant hereto; such accrued interest shall be paid by actual transfer of funds in U.S. Dollars to the same designated account as above, simultaneously with the settlement of the Trade Account.

5.3. Notwithstanding anything contained in this Agreement, the final cash settlement in U.S. Dollars under Article 5.2. above shall not exceed the limit of 5 million U.S. Dollars (US\$5,000,000).

## Article 6

6.1. NBX and BY will furnish to each other a monthly statement of the Trade Account and the Interest Trade Account within ten (10) days after the end of each calendar month, provided that in the event this Interbank Agreement shall expire on a day other than the day at the end of any calendar month such statement shall be furnished within ten (10) days after the expiry of this Interbank Agreement.

6.2. Unless, within twenty (20) days after the receipt of the respective statement, either bank notifies the other bank by telex of their comments on the above statement to the contrary, such statement will be considered accepted.

## Article 7

7.1. Each of NBX and BY hereby covenants that it has the power to enter into this Interbank Agreement and has taken all necessary corporate or other action in connection herewith, and has obtained all necessary governmental approvals necessary to authorize the execution and performance of this Interbank Agreement.

## Article 8

8.1. If at any time any provision hereof should be or become illegal, invalid or unenforceable, neither the legality nor validity nor enforceability of the remaining provisions hereunder shall in any way be affected or impaired unless such provisions are considered essential with regard to the validity or performance of this Interbank Agreement. Should unforeseen difficulties arise in connection with any banking operations related hereto, the affected party may propose the appropriate solution thereof, and by mutual written consent any necessary changes shall be incorporated in this Interbank Agreement and shall thereafter constitute an integral part of this Interbank Agreement.

## Article 9

9.1. In the event that any payment to be made hereunder shall be made subject to any taxes, levies or charges (hereinafter collectively called the "Charges") such Charges shall be absorbed by the paying bank in order to ensure that the other bank receives a net amount in U.S. Dollars equal to the full amount which it would have received had payment not been made subject to any of such Charges.

## Article 10

10.1. Any amendment, in whole or in part, of this Interbank Agreement may be made only by mutual written consent of NBX and BY.

## Article 11

11.1. Any notice, request, instruction or statement made or given in respect of this Interbank Agreement by either of NBX and BY shall be in writing and duly signed by its authorised officer or by authenticated telex, provided that in case such notice, request or instruction is made or given by telex its mail confirmation must be always followed. All such notices, requests, instructions, statements or other communications to or upon the respective parties hereto shall be deemed to have been duly given and made.

(a) at the time of delivery, if delivered by hand,  
(b) on despatch, if given or made by telex (with confirmed answerback), or  
(c) seven (7) days after being mailed, if sent by airmail, to the party to which such notice, request, instruction, statement or other communication is required or permitted to be given or made under this Interbank Agreement addressed as follows:-

(i) If to NBX  
Mailing Address

Attention

Telex No.

Telegram

(ii) If to BY  
Mailing Address

Attention

Telex No.

(iii) With respect to the Letters of Credit, all communications shall be made to such addresses as specified in each Letter of Credit

or to such other address as either of the parties hereto may hereafter specify in writing to the other party. NBX and BY may designate additional addresses for particular communications as required from time to time, and may change any address, by notice given ten (10) days in advance of such additions or changes.

## Article 12

12.1. All correspondence relating to this Interbank Agreement shall be made in English.

## Article 13

13.1. Neither NBX nor BY may assign any of their rights or benefits or their obligations under this Interbank Agreement to any third party without prior written consent of the other party.

Article 14

14.1. NBX and BY agree that this INTERBANK AGREEMENT is entered into for the implementation of the transaction contemplated under the Trade Agreement while the INTERBANK AGREEMENT is in its nature and effect separate from the Trade Agreement, and that any reference to the Trade Agreement shall be considered to be made only for the purpose of clarification. Both banks further agree that this Interbank Agreement constitutes the entire agreement between them in connection with the implementation of the Trade Account and the Interest Trade Account, and that their rights and obligations arising therefrom shall be determined only on the basis of the terms and conditions contained herein.

Article 15

15.1. This Interbank Agreement shall be governed by and construed in accordance with the laws of England.

Article 16

16.1. In the case of any dispute arising from the implementation of this Agreement the matter shall first be brought to the attention of the highest management of the two participating banks for settlement and, if not resolved, shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules, and such arbitration shall take place in Paris.

Article 17

17.1. This Interbank Agreement shall be effective from the date of its signing and will remain in force until one year after the date of its signing or until the Trade Agreement expires or is terminated or cancelled for any reason, unless otherwise mutually agreed in writing between NBX and BY.

17.2. This Interbank Agreement has been made and signed in English in 2 copies, both being equally authentic.

In WITNESS WHEREOF each of the parties hereto has caused this Interbank Agreement to be duly executed by its duly authorised officer as of the \_\_\_\_ day of \_\_\_\_ 19.....

For and on behalf of

For and on behalf of

\_\_\_\_\_

\_\_\_\_\_

### **Appendix 3    ANNOTATED BIBLIOGRAPHY**

A vast literature on countertrade has arisen in the last few years but much of it is repetitive, expensive and almost exclusively concerned with the subject from the point of view of industrialised countries.

This bibliography does not set out to be comprehensive but, instead, is selective in terms of content likely to be valuable to interested parties in developing countries.

ACECO - ASSOCIATION POUR LA COMPENSATION DES ECHANGES COMMERCIAUX (1983). Practical Guide to Countertrade. Paris. 149pp.

Describes the various forms of countertrade and the reasons for its recent growth and development. The main emphasis is on contractual considerations and methods of avoiding some of the pitfalls inherent in this form of trading. Also included are brief synopses of various country policies.

AGARWALA P.N. (1985) Countertrade Policies and Practices of Selected Asian Countries and Their State Trading Organisations. 92pp. Geneva. UNCTAD.

Report based on discussions with the Ministries, Directorates and other organisations in India, Indonesia, Malaysia, Thailand, Philippines, Singapore, Hong Kong, Bangladesh and Nepal. Included in the report are assessments of performance of countertrade in meeting objectives and the effects on prices and trade with a conclusion evaluating the success of countertrade and recommendations for the future.

ASTRO - INTERNATIONAL ASSOCIATION OF STATE TRADING ORGANISATIONS OF DEVELOPING COUNTRIES (1986) Complementary Manual of Comprehensive Reference Service on Countertrade. Ljubljana. 408pp.

The manual was produced to accompany the ASTRO publication (in two volumes) of countertrade country profiles. It discusses in some detail the following procedures when entering into countertrade: negotiations and contractual considerations, financing of countertrade, insurance and discounting. Also included are discussions on various specialist areas of countertrade, particularly buy-back arrangements and switch trading.

BUSINESS INTERNATIONAL. Exploring Countertrade Opportunities. 56pp.

Concise descriptive report on the reasons behind the current upsurge in countertrade, the various responses adopted by developing countries and multinational corporations and the mechanisms behind various forms of countertrade. Throughout the report there are references to the advantages and disadvantages of using countertrade to fulfil economic objectives. The report is aimed principally at the private business sector.

BUSINESS INTERNATIONAL (1984) Exploring Countertrade Opportunities in Africa. 166pp. Geneva. Business International

From the point of view of companies based in industrialised countries, this report describes the climate for countertrade in Africa. It reviews the policies of the major countries and provides contacts and addresses.

ECE (1986) Guide on Drawing Up International Contracts for Compensation Based Transactions. Geneva. U.N. Economic Commission for Europe. 27pp.

A step-by-step guide to the major considerations involved in producing a contract for a counterpurchase deal with explanations as to why specific clauses need to be included. A ten page annex provides a model counterpurchase contract between the principal parties.

HODARA, I. (1985) Countertrade - Experiences of some Latin American Countries. 49pp. Geneva. UNCTAD.

Brief introduction on the forms, the motivations for, and the costs of countertrade followed by a more in-depth description of the experiences of Argentina, Brazil and Hungary.

JONES S.F. (1984) North/South Countertrade: Barter and Reciprocal Trade with Developing Countries. The Economist Intelligence Unit, Special Report No. 174. London. The Economist Publications. 97pp.

This report describes the growth of countertrade with developing countries in the context of world trade. It also examines attitudes and policies, and identifies the beneficiaries of countertrade transactions. A fairly comprehensive discussion of the developing countries involved in the practice, as well as the products that have been countertraded, is included.

KOPINSKI T.C. & NEUBAUER K. Eds. (1984). Threats and Opportunities of Global Countertrade Marketing, Financing and Organisational Implications. Geneva. Business International.

A summary of the reasons behind countertrade from the viewpoint of all the major players is followed by a discussion of the various techniques employed from a practical viewpoint. Included is a section on developing a countertrade strategy. The final section of the report reviews how countertrade is developing in Third World countries. The main beneficiaries of this report would be private companies in developed countries as the emphasis is on overcoming likely difficulties such organisations are likely to face.

KOPINSKI T.C. (1987) Countertrade Policies and Practices by Selected African and Latin American Countries. Geneva. UNCTAD. 51pp.

Following a short discussion of the rationale behind current countertrade policies adopted by developing countries and the impact of the practice on trade flows and pricing, the paper goes on to discuss current practices in selected African and Latin American countries. The final section discusses some of the implications of countertrade and makes some recommendations for the future.

MANUFACTURERS HANOVER TRUST CO. (1983) Countertrade: Latin America. 78pp.

Overview of the countertrade environment in 12 Latin American countries. Included is a short summary and history of countertrade, prevailing countertrade requirements and practices, each country's primary trading partners and the products available for countertrade.

MANUFACTURERS HANOVER TRUST CO. (1984) Countertrade Asia/Pacific.

Follows a similar format to that described above for 11 of the major Asia/Pacific countries excluding Japan.

MIKTON J.R. (1987). An Overview of Industrial Compensation Arrangements in East-West and North-South Trade: A Case History Approach. A paper from the Asian Regional Workshop on Industrial Co-operation and Trade Expansion through Buy-back Arrangements. Bangkok. 39pp.

A brief introduction to the history and structure of East-West buy-back arrangements and a discussion regarding the financing and administration involved in establishing such arrangements, based on specific examples. Throughout the paper some references are made to developing countries and how procedures may differ in those countries. A few brief examples of North-South buy-back deals are described.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (1985) Countertrade: Developing Country Practices. Paris. OECD. 40pp.

A short review of the reasons behind the rising volume of countertrade being undertaken by developing countries. The book examines the motivation and extent of countertrade practices with some comments as to its viability as a mechanism for solving some of the economic difficulties encountered by developing countries. There is also a short listing of countertrade transactions.

OUTERS-JAEGER I. (1979) The Development Impact of Barter in Developing Countries. Paris. OECD. 129 pp.

This book is based on a number of case studies on the impact of barter and barter trade on the economies of Egypt, India, Ghana, Sri Lanka and Nepal, undertaken in 1977. Apart from this comparative analysis it provides a theoretical discussion and general overview of the role of barter-like trade in developing countries' foreign trade. It was aimed at providing policy makers in developing countries with practical insights into the prospects and problems of this form of trading.

RUBIN S.M.(1986) The Business Manager's Guide to Barter, Offset and Countertrade. The Economist Intelligence Unit Special Report No. 243. London. The Economist Publications. 137 pp.

Mainly aimed as a guide to Western businessmen faced with countertrade proposals from prospective trade partners, the report describes the various forms of countertrade and provides guidance on how to deal with it. Also included are outlines of the countertrade policies, objectives and mechanisms for 16 selected countries including 10 developing countries.

UNCTAD (1986) Consideration of the Present Situation and Current Problems in the Field of Trade Financing. Trade Financing for Developing Countries: Some Aspects of Current Difficulties and Policy Responses. Geneva. UNCTAD. 71 pp.

Discussion of financing and payments as a result of the international debt crisis including a short section on the pressures to engage in countertrade.

#### Appendix 4    SPECIALIST PERIODICALS

##### 1. Countertrade and Offset Intelligence

P.O. Box 2, Chipping Norton, Oxford OX7 5QX, U.K.

- Monthly Newsletter
- Principally a newsletter containing brief articles on recent events and deals world-wide. Each issue contains a feature describing in greater detail a specific aspect of countertrade.  
Annual Subscription US\$295 (£205 U.K.)

##### 2. Corporate Barter & Countertrade

Box 3034, Mission Viejo, CA 92690, U.S.A.

- Monthly Newsletter
- Newsletter outlining recent deals and policy changes. The emphasis of the publication is very much on U.S. companies, U.S. policy and how changing economic patterns are likely to affect these.

##### 3. Countertrade & Barter, published by Metal Bulletin Journals Ltd. Metal Bulletin Plc., Park House, Park Terrace, Worcester Park, Surrey, KT4 7HY, U.K.

- Bi-monthly publication
- Successor to Countertrade and Barter Quarterly. This magazine contains specific countertrade related articles produced by both the editorial staff and those involved in the practical organisation and implementation of countertrade deals. Articles providing specific country and company profiles or analyses of specific techniques are often included. Regular features include book reviews and conference dates and venues.

Subscription rates £40:\$65; U.K. and Overseas Seamail; £51:\$83 Airmail Europe; £52:\$84.50 Airmail North Africa and the Middle East. £56:\$91 Airmail North and South America, Sub-Saharan Africa, India and Pakistan. £58:\$94 Airmail Australasia and Far East.

##### 4. Countertrade Outlook

D.P. Publications Co. P.O. Box 3141 Alexandria, VA 22303 U.S.A.

- Weekly Newsletter
- Describes latest developments in worldwide countertrade activity, concentrating on deals and policies. Emphasis is placed upon the various parties actively involved in each transaction.  
Annual subscription, US\$384 and air mail charges.

Other publications regularly containing articles on countertrade include:

Financial Times  
Euromoney Trade Finance Report  
South Magazine  
The Economist  
Middle East Economic Digest

## **Appendix 5 SHORT PROFILES OF THE COUNTERTRADE SYSTEM IN SELECTED COUNTRIES**

Short profiles are presented in this appendix of the countertrade systems in four countries:

- (i) India
- (ii) Indonesia
- (iii) Malaysia
- (iv) Zimbabwe

In the case of Indonesia, the profile includes copies of a number of documents which relate to that country's countertrade system.

The information concerns the policies and practices which were applicable in each country in the early part of 1987 and, clearly, these may change over time.

No attempt is made in these profiles to present a critical appraisal of the policies in the countries concerned, which would be inappropriate for these guidelines, but simply to give a guide to the countertrade approaches adopted.

## 1. INDIA

In many respects, India may be considered well-suited to countertrading on the basis of the criteria which were suggested in Section 2.3. The country has a substantial and diversified production/export base, a large import absorption capacity, a relatively strong financial position and it imports a large number of goods and projects on commercial terms, thereby offering opportunities for making countertrade demands to suppliers. India also has established organisations in the trading and banking sectors. India is involved in a wide range of types of countertrade including bilateral trade and payments agreements, military offset, counterpurchase and barter-type deals. India was also involved in a number of STAs in the 1960s and 1970s; this policy was later abandoned but some negotiations on starting new STAs with major international trading houses began again in 1987.

The government department with responsibility for countertrade matters is the Ministry of Commerce. The trading responsibilities within countertrade deals are mostly handled by two large parastatal organisations, the State Trading Corporation (STC) and the Minerals and Metals Trading Corporation (MMTC).

India has quite a long history of involvement in bilateral trade agreements, particularly with Eastern bloc countries. The long term trade and payments agreements often run for a period of five years and include references to a general list of products and indicative values. Additionally, there are usually annual trade protocols which specify actual products and quantities to be traded. Actual prices paid are usually fixed at the time of contract. Some of the agreements operate through Rupee accounts.

India has operated a counterpurchase system for some time for products imported by STC and MMTC. However, a considerable expansion of the counterpurchase system appears likely following the announcement in January 1987 of counterpurchase being included as an option for all public sector (non-aid funded) imports by all organisations, rather than solely STC and MMTC. In other words, India is planning to use its purchasing power to make foreign suppliers take more Indian goods. However, the system is not mandatory but is based on a tender option system, whereby foreign suppliers tendering for Indian contracts can include a willingness to counterpurchase as part of their overall bid. The counterpurchase commitment, as a percentage of contract value, is variable according to the offer made by the supplier and the Indian Government's requirements in particular cases. In early 1987 the system was only just beginning to operate and there was still a little uncertainty about which Indian products were to be allowed for export. Destinations for the Indian exports are often not specified. Penalty clauses for non-performance by foreign suppliers are mostly in the range of 3-5 per cent.

A "weightage" system is operated whereby the extent of the counterpurchase obligation met depends on the type of products exported; for example, a \$5 million dollar counterpurchase obligation may be satisfied by taking out \$10 million of primary products or \$2.5 million of engineering goods.

In addition to the types of countertrade already mentioned, there are also many ad hoc transactions, often of the barter type, involving the use of escrow accounts. In a number of cases the partners for such deals have been other developing countries. India's aim in such deals is to achieve some additional exports, including construction contracts, and the destination of the Indian exports is usually specified.

## 2. INDONESIA

In 1982 the Government of Indonesia decided to issue counterpurchase regulations for linking government procurements exceeding 500 million Rupiah in value with exports, excluding petroleum and natural gas. Imports financed through soft loans and loans and credits through the World Bank, the Asian Development Bank, etc. were also exempted. A copy of the guidelines is attached.

When an exporter tenders for government contracts he is also obliged to submit a Letter of Undertaking. This declares that the applicant is willing, either directly or through a third party, to accept a 100 per cent counterpurchase based on the value of his exports to Indonesia. (A copy of this Letter of Undertaking is attached.) This document determines the way countertrade has to be effected. The products for export from Indonesia through countertrade are specified in a number of lists produced by the Department of Trade, entitled Books A.1, A.2, B.1, B.2.

On acceptance of the tender, the Department of Trade accepts the Letter of Undertaking with a Letter of Approval. Once the exporter has received such approval, the Department of Trade requires the partner country/company to submit a draft of Annex A (copy attached) specifying the conditions of counterpurchase, together with the Assignment Agreement (copy attached) if a third party is being used. The third party agent must be approved by the Department of Trade. At the same time, the Indonesian customer informs the Department of Trade of the final counterpurchase amount and time of fulfilment.

The Department of Trade will then confirm the Assignment Agreement and issue Annex A and inform the Indonesian partner to go ahead and sign the contract and finalise the financing agreement.

Once the transaction is under way, the foreign partner has to provide evidence of the counterpurchase by submitting PEB forms (Annex B) to the Department of Trade.

There is a penalty clause within the Letter of Undertaking obligating the foreign party to pay a penalty of 50 per cent of the non-fulfilled value of the countertrade in cases of non-fulfilment. In situations where the counterpurchase products selected become unavailable, then the countertrade requirement or period of fulfilment may be renegotiated.

Copies of five documents are attached:

1. Guidelines for the Implementation of Linking Government Procurement from Imports with Indonesian Export Products Excluding Petroleum and Natural Gas.
2. Letter of Undertaking.
3. Annex A.
4. Assignment Agreement.
5. Annex B.

1. ISSUED BY THE INDONESIAN DEPARTMENT OF TRADE  
GUIDELINES FOR THE IMPLEMENTATION OF LINKING  
GOVERNMENT PROCUREMENT FROM IMPORTS WITH  
INDONESIAN EXPORT PRODUCTS EXCLUDING  
PETROLEUM AND NATURAL GAS

Based on the decision of the Special Cabinet Session on Economic, Finance and Industry held December 2, 1982, the following guidelines are herewith announced concerning the linking of imported government procurements with Indonesian export products excluding petroleum and natural gas:

I GOVERNMENT PROCUREMENTS WHICH ARE LINKED

1 Imported government procurements which will be linked to Indonesian export products outside of petroleum and natural gas are those imported products whose procurement are financed from the state budget (APEN) and from export credits. The obligation to link government procurements with exports applies to procurements by Departments, Non-Departmental Government Institutions and State-Owned Enterprises which are coordinated under Presidential Decree No: 10, 1980 (KEPPRES No: 10 - 1980).

2 Excluded from this linking are:

a those procurements whose sources of financing originate from concessional loans and credits from the World Bank, Asian Development Bank and Islamic Development Bank.

b those domestic components which constitute a part of the contracts signed by foreign contractors, which among others include service components, goods and taxes and levies.

c those services which are used by government institutions requiring specialized knowledge such as foreign accountants, legal specialists, surveyors, consulting services, purchases of technology (patent) and other similar services.

d those import procurements involving joint ventures between state enterprises and foreign investors.

II SPECIFIC MEASURES FOR LINKING

1 Export products which are subject to these linking procedures are agricultural products, manufactured products and other products outside petroleum and natural gas. The Department of Trade and Cooperatives will periodically issue a list of export products which are eligible to be linked to imports from specific countries or group of countries together with a list of exporters and commodity associations.

2 Foreign suppliers shall undertake or arrange purchases of Indonesian exports by one or several enterprises affiliated or otherwise related to them. The third party enterprise from other countries which is acceptable to the Indonesian side could become the party implementing the actual report.

3 Foreign suppliers intending to import Indonesian goods in connection with government procurements shall choose one or several goods which they intend to import.

4 The value of Indonesian exports which are linked to a government procurement must be equal to the value of the government procurement being imported and considerations must be taken with respect to delivery period. The values applied to both are on FOB basis.

5 In the supply contracts of Indonesian export products the total value of exports in the scheme must be specified as being equal in value to the government procurement contracts. The prices of the export products used in the contracts must be the prices of export products in effect at the moment the contracts are signed.

6 Foreign importers and Indonesian exporters must undertake their negotiation directly and sign the contracts according to prevailing commercial practices but with one additional clause attached, merely a clause concerning linkage with the government procurement.

7 Purchases by foreign importers connected with government procurement must be additional to the value of the normal trade transactions with the countries concerned. The Department of Trade and Cooperatives, together with the commodity associations, will monitor these developments.

8 Government procurements from imports will be concluded according to international prices and the implementation of Indonesian exports linked to government procurements must be implemented with international prices prevailing at the time of the delivery of the goods.

9 Exports of Indonesian goods linked to government procurements are directly channelled to the country of origin of the procurements. In cases where government procurements for overseas are supplied from more than one country, the linking rule would be applied to the country of origin of the principal winner of the contract.

10 Export to a third country is permitted only if the third country concerned is a new area for Indonesian exports for the specific product in question.

11 Transactions of Indonesian export products would be implemented using US Dollars as the reference currency or using other convertible currencies, so long as those currencies are used by the suppliers of goods purchased by the Indonesian government.

12 Contracts between Indonesian exporters and foreign importers in this connection may not constitute "future buying" in the sense of hedging in order to protect the position of importers or exporters against fluctuation of prices in a future period.

### III PROCEDURE FOR IMPLEMENTING TENDERS

1 Departments, Non-Departmental Institutions, and State-Owned Bodies intending to make government procurements through imports shall provide to tender an attached list of exports which will be linked to the procurement as well as a list of the names of exporters. In the tender document, the conditions of the linkage requirement shall already be attached.

2 Representatives of the Department of Trade and Cooperatives shall assist the tender committees to give explanations and clarifications to prospective tenderers for the projects and goods which will be opened for bidding.

3 Participants to the bidding, in submitting their letters of offer, shall already have stated their readiness to buy Indonesian exports if the participants in question are awarded a contract.

4 The bidding committee shall evaluate tenders on the basis of letter of intent in accordance with procedures currently prevailing.

5 The bidding committee will determine a "short list" of 3 candidates as potential winners of the tender whose identity shall be consequently transmitted to the Team for Guiding the Supplies of Government and Equipment. (Team KEPPRES No 10.)

6 The Team for Guiding the Supplies of Government Goods and Equipment shall determine of the three winning candidates. The winners, having been informed, shall submit a letter of Undertaking already agreed to by the Department of Trade and Cooperatives, Directorate General of External Trade. The sample of the letter of Undertaking can be included with the sample tender document.

7 The Letter of Undertaking shall be signed by the foreign supplier. If the Letter of Undertaking is signed by an agent/representative of the supplier, then the said Letter must be countersigned by the supplier and the supplier shall give full power to agent/representative to sign the said Letter of Undertaking.

8 The Team for Guiding the Supplies of Government Goods and Equipment shall announce its consent when the Letter of Undertaking is received and agreed upon by the Department of Trade and Cooperatives.

### IV SUPERVISION ON THE IMPLEMENTATION OF LINKAGE POLICY

1 Parties awarded a tender are obliged to submit a copy of the contract they have concluded with Indonesian exporters to the Secretariat of the Directorate General for External Trade of the Department of Trade and Cooperatives.

2 Export contracts for Indonesian export products must be undertaken in stages and on a regular basis during the life of a contract and must be completed at the latest 3 months prior to the termination of the period of contract for the government procurement.

3 The Department of Trade and Cooperatives shall report to the team of KEPPRES No 10 on the progress of exports of each of the executors of exports linked to the government procurements.

4 Final payment to the foreign supplier will be made after the export obligation is realized.

#### V SANCTION

Foreign suppliers are held responsible for the settlement of export undertakings linked to government procurement. If the contracts in question cannot be completely fulfilled, the foreign suppliers concerned shall be liable to a penalty equal to 50% of the value of the portion of exports which have not been purchased.

#### VI INFORMATION

Further information on the export products linked to government procurement can be obtained from:

- (1) Secretariat of the Directorate General  
for Foreign Trade  
Department of Trade and Cooperatives  
Jalan Mohammad Ichwan Ridwan Rais No 5  
Jakarta  
Tel: 352919
  
- (2) Directorate Export for Agricultural Products  
Department of Trade and Cooperatives  
Jl Abdul Muis 87  
Jakarta  
Tel: 348660

2. LETTER OF UNDERTAKING

Indonesian Countertrade documentation

N-Version

(LETTERHEAD OF TENDERER)\*

July, 1983

Department of Trade  
Republic of Indonesia,  
Directorate General for Foreign Trade  
Jalan Abdul Muis 87  
Jakarta  
INDONESIA

c/o (Insert name of Department, Agency or  
Corporation issuing Tender)

Dear Sirs:

We refer to (describe subject matter of tender and tender number) issued on -----, 198-- by (insert name of Indonesian Department, Agency or Corporation issuing tender) and to our tender document no.----- submitted on-----,198-- in response thereto.

We hereby irrevocably undertake during the period from the date of award of the contract relating to such tender until final acceptance (or equivalent) of our work and services thereunder or until completion of deliveries thereunder, as the case may be:

1. to purchase, or to cause to be purchased by one or more of our affiliated companies in the country or countries\*\* to be confirmed by the Department of Trade in a letter in the form of Annex A hereto or by third parties located in any other country or countries acceptable to you, agricultural and/or industrial products contained in Books A.1 and A.2, each entitled "List of Indonesian Export

-----  
\* This letter should be signed and submitted by the Tenderer. If the Tenderer is a foreign contractor/supplier, this letter should be signed by the foreign contractor/supplier and not by its Indonesian agent, partner or representative, if any.

\*\* The Department of Trade will normally only confirm the country of nationality of the contractor/supplier. However, depending upon the circumstances of any given contract, other countries may be confirmed by the Department.

"Commodities Available for Additional Exports in 1982", published in January 1982 and March 1982, respectively, by the Department of Trade, and/or such other Indonesian products as you may approve in writing (hereinafter, collectively, the "Products"), from one or more of the commodity associations or exporters named in Books B.1 and B.2, each entitled "List of Indonesian Commodity Associations and Exporters", published in January 1982 and March 1982, respectively, by the Department of Trade, and/or from other duly licensed Indonesian exporters (hereinafter, collectively, the "Exporters"), in an amount at least equal to the foreign currency value of all equipment, materials and products to be supplied by us from non-Indonesian sources pursuant to the terms of the above-described contract, such value to be agreed with the Department of Trade and confirmed in a letter in the form of Annex A hereto;

2. to use the Products, or to resell the Products for use, or to cause the Products to be used or resold, in the country or countries to be confirmed as aforesaid, unless with your specific authorization we are permitted to use the Products, or to resell the Products for use, or to cause the Products to be used or resold, in any other country or countries;

3. to purchase the Products, or to cause the Products to be purchased, before the end of the term of the contract relating to the above-described tender and, in any event, to start the purchase or to cause to be purchased, within six (6) months after the date of award of such contract; and

4. to submit, or to cause to be submitted from time to time to the Department of Trade, by letter in the form of Annex B the relevant PEB forms and such other evidence of the shipment of Products purchased pursuant to this undertaking as will permit the Department of Trade to monitor compliance herewith.

In connection with our irrevocable undertaking contained herein, this will confirm our understanding that:

a. the commercial terms, including those relating to price and delivery, in respect of each purchase of Products from an Exporter shall be negotiated by us or by other purchasers thereof at the time of actual purchase;

b. the amount of each such purchase to be applied towards our obligation hereunder shall be equal to the invoiced purchase price of the Products purchased, excluding, however, any shipping costs included in such invoice and any taxes or customs duties charged in connection therewith;

c. the amount of each such purchase (if measured in a currency other than the currency in which our obligation hereunder is measured) shall be applied against our obligation hereunder at exchange rates (as quoted by Bank Indonesia) prevailing at the date of the Exporter's invoice issued in respect of such purchase;

d. if we or our affiliated companies in the country or countries to be confirmed as aforesaid have traditionally purchased products from Indonesian exporters, our undertaking contained herein shall be viewed as representing a commitment over and above such traditional level of purchases, it being the spirit and intention of such undertaking that purchases of Products hereunder shall be in addition to such traditional level of purchases;

e. if the contract relating to the above-described tender should be prematurely terminated, our undertaking contained herein shall also terminate without further obligation on our part; and

f. (i) if, during the course of performance of our obligations contained herein, we should be of the view that sufficient Products either are not available in Indonesia or are not of suitable export quality or internationally competitive in price, you shall, at our request, review with us the actual circumstances at the time and,

(ii) if, after both parties have reviewed the matter in good faith and in the spirit of cooperation with a view to reaching a mutually acceptable solution you and we agree that we are not able to comply with the requirement of our undertaking contained herein because sufficient Products either are not available in Indonesia or are not of suitable export quality or internationally competitive in price, you shall modify such requirements to take account of actual circumstances at the time, which modifications may include an extension of the time during which our obligations contained herein must be satisfied.

If we fail to comply with our undertaking contained herein we hereby agree to pay to you as liquidation damages an amount equal to 50% of the difference between the total value of Products actually purchased pursuant to this undertaking and the foreign currency amount to be confirmed as aforesaid.

In connection with our undertaking contained herein, we hereby represent and warrant to you that (i) we have full power and authority and legal right to enter into this undertaking and to perform and observe the terms and provisions hereof, (ii) we have taken all necessary legal action to authorize, execute and deliver this undertaking, (iii) this undertaking constitutes our legal, valid and binding obligation, and (iv) no law, rule or regulation or contractual or other obligation binding on us is or will be contravened by reason of our execution and delivery of this undertaking or by our performance and observance of the terms and provisions hereof.

This undertaking shall be binding upon our successors.

Very truly yours,  
(NAME OF TENDERER)

Affix  
1000 RP.  
Stamp

By-----

Name:  
Title:

3. ANNEX A

ANNEX A

(LETTERHEAD OF DEPARTMENT OF TRADE)

-----, 198--

(Address of Tenderer)  
(Please refer to code no. C/P)

Dear Sirs:

We refer to-----tender No.-----  
issued on -----, 198--, by (insert name of Indonesian Department, Agency  
or Corporation issuing tender) (the "Tender") and to your tender document  
submitted in response thereto and the Letter of Approval No. -----  
issued on -----, 198-- by the Minister/State Secretary acting as the  
Chairman of the Government Supervising Team for the Government Procurement.

We acknowledge receipt of your Letter of Undertaking of -----, 198-- a  
copy of which is attached hereto and initialled for identification by the  
Department of Trade.

In accordance with the provisions of paragraph number 1 of such Letter of  
Undertaking, we confirm the following:

1. The foreign currency FOB value of all equipment, materials and products  
to be supplied by you from non-Indonesian sources pursuant to the terms of the  
contract relating to the tender shall be-----.

2. The countries referred to in such paragraph shall be ----- and  
other countries provided that your counterpurchase shall not cause any friction  
in the respective destination, nor to cause any friction with existing trade  
activities by Indonesian traders.

3. Affiliated companies which may purchase Indonesian agricultural and  
industrial products in satisfaction of your obligation under such Letter of  
Undertaking shall be -----

4. The Counterpurchase obligations contained in such Letter of Undertaking  
must be satisfied by you on or before----- (insert date of final  
satisfaction) unless, pursuant to paragraph 4.f thereof, such date is extended.

Your signature in the space marked "Agreed" below shall be conclusive  
evidence of your agreement to be bound by the terms of your Letter of  
Undertaking of -----, 198--, as supplemented by the provisions hereof.

Very truly yours,  
DEPARTMENT OF TRADE

AGREED: (TENDERER)  
By-----

By-----

4. ASSIGNMENT AGREEMENT

ASSIGNMENT AGREEMENT

THIS AGREEMENT, dated (insert date), between (insert name of Assignor)  
(The "Assignor") of (insert address of Assignor) and -----  
----- (the "Assignee") -----

WHEREAS, the Assignor has undertaken certain obligation with respect to the purchase of commodities/goods from Indonesia as evidenced by a counterpurchase Letter of Undertaking dated----- and an Annex A Letter, ref. No.----- dated----- code No. C/P----- (such Letter of Undertaking and Annex A letter hereinafter collectively referred to as the "Letter of Undertaking").

WHEREAS, the Assignor desires to assign to the Assignee, without recourse to the Assignor, all of its rights and obligations under and with respect to the Letter of Undertaking;

WHEREAS, the Assignee desires to accept such assignment; and

WHEREAS, the Department of Trade and the Republic of Indonesia is willing to consent to such assignment;

NOW, THEREFORE, the Assignor and the Assignee hereby agree as follows:

1. The Assignor hereby assigns to the Assignee, without recourse to the Assignor, all of its rights and obligations under and with respect to the Letter of Undertaking.

2. The Assignee hereby accepts such assignment and specifically agrees, for the benefit of the Department of Trade of the Republic of Indonesia, to assume and be bound by all of the terms and conditions of the Letter of Undertaking, and in particular those relating to the payment of liquidated damages in the event the Assignee fails to comply with the terms of the Letter of Undertaking, as if Letter of Undertaking had originally been executed by the Assignee.

3. This Assignment Agreement shall become effective on and as of the date on which the Department of Trade of the Republic of Indonesia shall consent thereto.

IN WITNESS WHEREOF, the Assignor and the Assignee have executed this Assignment on the date and year first above written.

(Insert name of Assignee)

(Insert name of Assignor)

By-----

By-----

C O N S E N T

The Department of Trade of the Republic of Indonesia hereby consent to the foregoing assignment, thereby releasing (insert name of Assignor) from its obligation under and with respect to the Letter of Undertaking, in consideration of such obligation, together with all right relating thereto, having been assigned to and assumed by the Assignee.

DEPARTMENT OF TRADE

By-----

5. ANNEX B - PEB FORMS

ANNEX B

Department of Trade,  
Republic of Indonesia,  
Directorate General for Foreign Trade  
Jalan Abdul Muis No. 87  
Jakarta  
INDONESIA

Attention:

Dear Sirs,

We refer to tender of \_\_\_\_\_ No. \_\_\_\_\_ dated \_\_\_\_\_  
and to the related counterpurchase Letter of Undertaking dated \_\_\_\_\_  
Code No. CP/ \_\_\_\_\_ (such Letter of Undertaking and annex A Letter  
hereinafter collectively referred to as the "Letter of Undertaking").  
We attach hereto copies of "Pemberitahuan Ekspor Barang" (PEB) forms and  
related Bills of Lading evidencing shipment of the following commodities/goods  
from Indonesia:

Description

FOB Value

We hereby represent and warrant to the Department of Trade that such shipments  
comply in all respects with the Letter of Undertaking, and we therefore request  
your confirmation that the above-stated FOB value of such shipment may be  
applied in (partial) (full) satisfaction of the counterpurchase obligations  
evidence by the Letter of Undertaking.

Assuming full application of such value, we understand our remaining counterpurchase  
obligations to be US\$.....

Very truly yours,

### 3. MALAYSIA

Malaysia officially introduced a countertrade policy in 1983 and since that time many countertrade deals have been transacted. Two booklets have been published by Unit Khas Countertrade (the unit within the Ministry of Trade and Industry which is responsible for countertrade) which describe the policy:

- (i) Countertrade Anyone?
- (ii) Countertrade in Government Procurement.

Malaysia allows some traditional exports, such as refined palm oil, rubber and tin ingot, to be countertraded if certain conditions are met, but is particularly keen to promote the export of added-value and non-traditional items such as palm oil products, rubber goods, timber products and so on. The decisions concerning which exports are to be allowed, and to which destinations, are made on a case-by-case basis by Unit Khas Countertrade.

The following detailed description of Malaysia's countertrade policy was prepared by Malaysian countertrade officials and has been extracted from published sources.

Malaysia has since July 1983 used countertrade as an instrument to further promote trade both in her traditional and non-traditional markets. However, countertrade in Malaysia's perspective will only be an additional trading arrangement to complement the existing trading practice. As such, countertrade will be encouraged in cases which are considered suitable and beneficial to the country.

The decision for Malaysia to use countertrade is based on the consideration that Malaysia needs to consolidate and strengthen her existing markets, to diversify her export markets especially to the non-traditional markets, and to establish trade relations on a long term basis. Countertrade has become more relevant due to the increasing protectionist trend in world trade, particularly in the developed economies. Also as an aid to Malaysia's endeavour to expand trade with the non-traditional market countries that have an economic system that differs from Malaysia's, and are experiencing foreign exchange difficulties. Countertrade will also be used in connection with major government purchases from abroad, thereby helping to conserve the use of foreign exchange. Hence, countertrade in Malaysia's perspective will be encouraged both in the public and private sectors.

## The Policy

Under the present countertrade policy, Malaysia will not sign a countertrade agreement with any country on a Government-to-Government basis. Nevertheless, Malaysia is prepared to sign any declaration of intent to increase trade in whatever way possible, including the use of countertrade. To this end, any countertrade agreement required by foreign countries will only involve private companies and government agencies, and agreements to be signed are for specific cases.

In short, the objectives in Malaysia's decision to conduct countertrade can be summed up as follows:-

- . to increase and promote the export of Malaysia's primary commodities, semi-manufactured goods and manufactured products
- . to diversify and create additional exports
- . to find new market outlets
- . to find markets in countries lacking foreign exchange
- . to improve Malaysia's balance of trade position with specific countries
- . to strengthen and consolidate Malaysia's export markets that are facing international competition
- . to save on foreign exchange
- . to develop a wider range of sources for imports.

## Government Procurement

One major step undertaken by the government to encourage countertrade in the public sector is by directing all government departments and agencies to insert a countertrade condition in tender documents to be issued for certain government purchases and works services procurements valued at one million ringgit and above. This simply means that tenderers are invited to submit countertrade proposals when making bids for such government procurement. Countertrade condition, however, will not be included in procurement which involves financing by international lending agencies such as the World Bank or the Asian Development Bank. Procurement financed by these organisations will be exempted from such countertrade condition because it needs to be undertaken in line with the lending agency's stipulations.

Although tenderers need not necessarily propose countertrade when making bids for government procurement, they can propose countertrade to enhance their bids. A countertrade proposal is one of the factors to be considered in identifying a preferred tenderer when price, technical specifications, and other considerations have been evaluated and are found to be comparatively equal. A comprehensive countertrade offer could well be a deciding factor in such circumstances.

Countertrade proposals from tenderers will only be accepted if they conform to the following requirements:

- . the exports must be to the country of origin of the tenderer
- . the exports must be in line with Malaysia's export interest
- . the exports must be additional to and will not displace sales that Malaysian exporters are making or could reasonably be expected to make
- . the exports must be for new markets (third countries)
- . the exports must be in such a manner as not to prejudice the reputation of Malaysia as a quality supplier or disrupt Malaysia's commercial interest.

#### CT in the Private Sector

Since countertrade is only an additional trading arrangement to complement Malaysia's existing trading practice, Malaysian private sector need not necessarily conduct countertrade. They may undertake countertrade arrangements whenever deemed suitable and beneficial to them. The government will encourage and assist them in their endeavour.

#### Countertrade Countries

Countries with whom Malaysia may conduct countertrade have been categorised and these can be summed up as follows:-

- (1) Countries which will be awarded major government contracts, such as for construction projects, supplies, works and services. For these countries, countertrade will be used to promote the sales of certain primary commodities, semi-manufactured and manufactured products.
- (2) Countries with which Malaysia is experiencing persistent trade deficits.
- (3) Developing countries which are important and growing markets for Malaysian commodities, certain semi-manufactured and manufactured products.
- (4) The Socialist bloc countries.
- (5) Developing oil producing/exporting countries.

#### Products for Exchange

As for products to be exchanged in line with the government's policy on countertrade, the following criteria should be used:

##### 1. Malaysian Goods and Commodities for Exports

All Malaysian export products, whether primary commodities, semi-manufactured or manufactured, may be used for countertrade transactions on the following basis:-

- (a) Countertrade will not be used for primary commodities which are not facing any problems in overseas markets. It will not be used in countries which have foreign exchange to purchase such goods.
- (b) Countertrade that involves Malaysian primary commodities shall be conducted preferably with countries that are facing foreign exchange shortages.
- (c) Malaysian primary commodities may be used to make up the volume in countertrade arrangements on a case by case basis.
- (d) Malaysian semi-manufactured and manufactured products are to be used in countertrade with countries where there is a problem of getting market access. Examples of those semi-manufactured and manufactured products are timber products, footwear, textiles, items of rubber, foodstuffs, electrical components and electrical goods.

However, the following commodities will not be considered for countertrade arrangements under any circumstances:

Logs and sawn logs  
Crude palm oil  
Tin ore and concentrate

Besides the above, goods produced in the Malaysian Free Trade Zone and in the Licensed Manufacturing Warehouses will also be excluded from the list of products for any countertrade transactions.

## 2. Goods and Commodities to be Imported by Malaysia

Items to be imported by Malaysia under countertrade arrangements include products which Malaysia needs in substantial quantities such as rice, sugar, iron ore, cotton, coal, animal feeds, chemical products, fertilizers, machinery and equipment, defense equipment and vehicles.

### Special Unit on Countertrade

As countertrade will be a permanent feature in Malaysia's external trading arrangements, especially in the government's procurement from overseas, the government has established a Special Unit on Countertrade or Unit Khas Countertrade (UKC). This unit is the Ministry of Trade and Industry and is charged with the task to formulate and implement the government policies and guidelines on countertrade, as well as to oversee the country's countertrade activities. In short, the functions of this Unit are:

To formulate policies and guidelines on countertrade and to implement them

To act as an information collection and dissemination centre on countertrade; such information pertains to products to be exchanged and the list of potential buyers and sellers both local and overseas, of countertrade products.

To act as a reference point for receiving countertrade proposals from foreign governments and overseas and local sellers/buyers, and distributing those proposals to prospective local and overseas sellers/buyers.

To provide advisory services to government departments and agencies involved in overseas purchasing and in issuing of major tenders on the policies and guidelines regarding the incorporation of countertrade elements in their tenders, tender agreements and contracts.

To advise government departments and agencies as well as companies in the private sector in drawing up countertrade agreements.

To negotiate countertrade agreements on behalf of the government departments and agencies.

To advise government departments and agencies and companies in the private sector involved in exports on the policies and guidelines on countertrade with the object of persuading them to participate in countertrade transactions.

To monitor the progress of the implementation of countertrade.

However, Unit Khas would not be involved in the actual countertrade transaction which simply means that it would neither act as an intermediary to buy or to sell goods and services nor would it take up a trade position that would involve undertaking business or non-business risks.

#### 4. ZIMBABWE

Zimbabwe began a countertrade policy in its present form in about 1983. The government does not favour long-term agreements. The great majority of the deals fall within the category of countertrade which is described as barter-style in these guidelines. Government sources describe the policy as being primarily concerned with increasing exports of "distressed" commodities to countries experiencing foreign exchange shortages, however the import financing aspect is also important.

Zimbabwe has become involved in bilateral countertrade deals, often with Eastern bloc countries, and triangular deals, for example, Zimbabwe/U.K./Bulgaria. Zimbabwe will not usually allow its countertraded exports to be sent to Western countries and, therefore, triangular deals are necessary in those cases where the import product originates from a Western country.

The Government of Zimbabwe has created specific machinery for the consideration of countertrade proposals. The Special Trading Arrangements Committee (STAC) is composed of representatives from six ministries:

- (i) Trade and Commerce
- (ii) Industry and Technology
- (iii) Lands, Agriculture and Rural Resettlement
- (iv) Finance, Economic Planning and Development
- (v) Mines
- (vi) National Supplies

plus representatives from the Reserve Bank of Zimbabwe, the Minerals Marketing Corporation and the Tobacco Marketing Board.

The government has also created the Working Committee on Barter and Countertrade Allocations, which is composed of representatives from four Ministries and is particularly concerned with countertrade imports.

The STAC meets on a regular (usually fortnightly) basis, and makes recommendations to the Permanent Secretary and the Minister of Trade and Commerce.

With regard to the exports allowed for countertrade, the basic philosophy is that if a product can be sold for cash it should not be allowed for countertrade. There is not a fixed list of allowable exports but the main products which have been countertraded are tobacco and short-fibre asbestos, each usually destined for markets in the Eastern bloc or other developing countries. Ferro-chrome, maize and a few other products have also been countertraded at times. Imports within countertrade are dealt with on a case-by-case basis.

The participants in countertrade deals include a fairly broad range of both public sector and private sector organisations in Zimbabwe and partner countries. International trading houses are sometimes involved as intermediaries, particularly for triangular deals which tend to be more complicated.

The actual mechanisms for operating deals vary quite considerably, but it is usual for Zimbabwe to export first and for the revenues to be lodged in an escrow account. Evidence accounts have been used in a few cases with certain Eastern bloc partners.

A short document describing the countertrade policy and the STAC has been published by the Government of Zimbabwe and is reproduced below.

THE SPECIAL TRADING ARRANGEMENTS COMMITTEE  
FUNCTION

The function of the Committee is to examine, evaluate and recommend Barter/Countertrade propositions for the approval of the Minister of Trade and Commerce in accordance with the following guidelines:-

- a) Zimbabwe only barter/countertrades with countries that are experiencing foreign exchange problems, i.e. countries that cannot afford to purchase for cash.
- b) Zimbabwe only barter distressed goods, i.e. goods which are difficult to sell for cash at the time the deal is negotiated.
- c) Only enter into barter/countertrade arrangements on an ad hoc basis and will not commit ourselves to long-term agreements.
- d) Barter may be considered if it is the only way we can penetrate a particular market for our exports.
- e) Barter with traditional cash markets may be considered only for quantities over and above normal cash sales to that country i.e. if it will result in increased exports to that country without affecting our normal cash sales to that market.
- f) The goods to be exported are valued at no less than the price that such goods would obtain when sold through the normal market mechanism applicable to such goods.
- g) The goods to be imported are of an acceptable quality and are valued at a price no more than that applicable to equivalent goods from other sources.
- h) The values mentioned in (a) and (b) above shall take account of transport and insurance costs.
- i) The goods being exported are for consumption in the country with which the deal is proposed and will not without the approval of the Zimbabwe Government be allowed to pass into the hands of third parties. This is to prevent the goods passing into the hands of external speculators who can use them to disrupt markets into which similar goods from Zimbabwe are sold on a cash basis.

- j) The goods to be imported are, when appropriate, compatible with existing plant and equipment in Zimbabwe and that when applicable the necessary spares and service back-up will be provided.
- k) The goods to be imported are of a high priority nature and are not of a type produced locally, and as such are essential to the Zimbabwe economy and would otherwise have to be financed by a foreign exchange allocation.
- l) The distribution pattern for the goods to be imported is to be approved by the Ministry of Trade and Commerce or the Ministry of Industry and Technology who shall adjust commercial or industrial foreign exchange allocations accordingly.
- m) Manufactured products for export on barter should have a very low imported content.
- n) Government does not encourage barter with PTA member states because this will negatively affect utilisation of the PTA Clearing House facility which enables member states to trade with each other using their national currencies.
- o) Exporters under barter are not entitled to benefits from any export incentive schemes.

MINISTRY OF TRADE AND COMMERCE

**Appendix 6 SHORT DIRECTORY OF ORGANISATIONS OFFERING COUNTERTRADE SERVICES TO DEVELOPING COUNTRIES**

As already noted in Chapter 9, the most comprehensive directory of organisations providing countertrade services is that published on a biennial basis by Countertrade Outlook.

Countertrade Outlook (1986) Directory of Organisations Providing Countertrade Services.

Second Edition. Available from D.P. Publications, P.O. Box 3141, Alexandria, VA, 22302, U.S.A.

However, many of the organisations listed specialise only in providing services to Western companies. Therefore, a letter was sent to the main trading houses, banks and consultancy companies listed in the Directory, enquiring if they also specialised in providing countertrade services to governments or other parties in developing countries and whether or not they wished to be listed in these guidelines. Those which responded by filling in a simple questionnaire are listed on the following pages. All the information contained in the questionnaire answers is provided by the companies themselves.

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: ACECO (Association pour la compensation des échanges commerciaux) and ACECO PUBLICATIONS

Address: 28 avenue Hoche  
75008 PARIS  
FRANCE

Telephone No.: 33 / 1 / 42 25 36 40

Telex No.: 640912 ACECO

Fax No.: \_\_\_\_\_

Name/position of contact(s) BISCAGLIA AGNES Managing Director (ACECO)  
LACROIX LAURENCE General Secretary (ACECO PUBLICATIONS)

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: INFORMATION SERVICES

1) PUBLICATIONS :

Practical Guide To Countertrade

1985:Les compensations dans le Sud Est Asiatique

1986:Les compensations en Amérique Latine

2) DATABASE OFFERING COUNTRIES PROFILES WITH DETAILS OF THEIR CT EXPERIENCE

Previous experience of advising developing countries at an official level: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Payment terms: FF 10 500 (annual subscription fee to the database + connexion fee)

Name of respondent: Agnès BISCAGLIA

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Adams & Company

Address: Spinney House  
Welton Nr Daventry  
Northamptonshire  
NN11 5JJ

Telephone No.: Daventry(0327) 705560 International + 44 327 705560

Telex No.: 312242 MIDTLX G

Fax No.: -

Name/position of contact(s) Nigel Adams - Partner

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Provision of independent consultancy service on all aspects of countertrade, specialising in its practical applications. Preparation of feasibility studies to assess opportunities for developing countries to use countertrade in the export promotion of non-traditional goods and commodities to finance the import of priority goods and services. Our service can be provided "in house", where required.

Previous experience of advising developing countries at an official level: Since July 1986 we have provided a countertrade consultancy service to Crown Agents, London and during that time we have advised the Government of St Vincent and Ministries in Iran on countertrade. In December 1986 we advised a Middle Eastern Govt on countertrade (through a leading UK merchant bank). In January 1987 we worked with Horwath & Horwath (consultants to the Tourism, Hotel & Leisure industries) on a proposal to advise the Govt of Tanzania on CT.

Name of respondent: Nigel Adams

Payment terms: Normally paid on a daily, monthly or annual rate (invoicing clients on a monthly basis)

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Afico S.A.

Address: Route de Cigy, Budron C, Afico Trading Pte Ltd.,  
CH-1052 Le Mont-sur-Lausanne, 171, Tras Street,  
SWITZERLAND 07-179 Union Building,  
SINGAPORE 0207

Telephone No.: 021 33 30 56 224 97 34

Telex No.: 454 320 AFI CH RS 36 897

Fax No.: 021 33 31 36

Name/position of contact(s) \_\_\_\_\_  
\_\_\_\_\_

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Countertrade, trade financing, contract and project financing  
(Brochure available)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Previous experience of advising developing countries at an official level: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Payment terms: \_\_\_\_\_

Name of respondent: \_\_\_\_\_

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: ANDRE & CIE S.A.

Address: Chemin Messidor 7  
1002 LAUSANNE  
Switzerland

Telephone No.: 41 - 21 - 21.11.11

Telex No.: 24101 acsa ch

Fax No.: 41 - 21 - 21 14 29

Name/position of contact(s) Istvan Scheftsik, lic. jur.  
sous-directeur

A separate sheet may be attached if you wish to list subsidiary or regional offices.

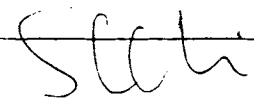
Range of services offered to developing countries:

- \* Special Trade Agreements
- \* Short term financing through three-cornered transactions
- \* Barter for financing of projects
- \* Financing of investment goods through purchase of goods in compensation

Previous experience of advising developing countries at an official level:

- \* Consultant to the Gov. of Malaysia on behalf UNCTAD
- \* Member of panel on symposium on C/T on behalf UNCTAD in Algeria, Tunisia
- \* Guest speaker at Commonwealth Symposium on Countertrade, Jamaica

~~Pay per telex~~

Name of respondent: 

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Association of Austrian Transit- and Foreign Trade Houses

Address: Kärntner Straße 17  
A-1010 Vienna  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No.: (222) 52 45 35

Telex No.: 613222449 HENWI

~~XXXXXX~~: Teletex 3222449 HENWI

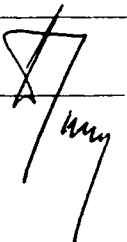
Name/position of contact(s) Dr. Wilhelm Hendricks, President  
Andrea Habeler, secretary

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: Countertrade growing worldwide, the Austrian expertise in unconventional trade and trade finance methods and inherent to trading houses domiciled in Vienna is fully integrated in the Association. The Secretariat being fully aware of the different potentials of the members of the Association regionalwise or product-related receives today inquiries from statal, para-statal and private institutions of about 47 countries and distributes these  
Previous experience of advising developing countries at an official level: inquiries to the members. The Secretariat also relates requirements of foreign and local trading houses domiciled in Vienna to continental and overseas institutions and companies.

Dr. W. Hendricks has advised various Governments and Government agencies since 1956 on trade problems, potentials and trade financing solutions, including Australia, Egypt, Hong Kong, India, Oman, Pakistan, Thailand, Turkey, Kenya, Uganda and other Black African countries.

Payment terms: \_\_\_\_\_

Name of respondent: Dr. W. HENDRICKS 

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: AWT Internationale Handels und Finanzierungs AG

Address: Schottenring 12, 1013 Vienna, Austria

\_\_\_\_\_  
\_\_\_\_\_

Telephone No.: 222/63 36 06-0

Telex No.: 613222421 awt, 114787 awt a, Ttx: 232-3222421=awt

Fax No.: 222/63 36 06-16, 63 75 38

Name/position of contact(s) F. Hoerhager, head of countertrade department

\_\_\_\_\_

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: International trading activities  
Export consultancy services  
Foreign trade financing  
Countertrade operations  
Clearing and switch transactions  
Trustee services

Previous experience of  
advising developing  
countries at an official  
level: AWT will advise on the structuring of  
countertrade transactions within the following  
product range: - metals and ores  
- wood and paper pulp  
- chemicals  
- foodstuffs  
- commodities

Payment terms: to be negotiated

Name of respondent: F. Tschudi

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Bank of Credit and Commerce International SA  
Address: 100 Leadenhall Street  
London EC3A 3AD  
  
  
Telephone No.: 283.8566 ext 4626  
Telex No.: 892.251  
Fax No.: 626.9596  
Name/position of contact(s) Helmut J Ferenz  
Senior Consultant

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: (Counter)trade promotion + settlement

Previous experience of advising developing countries at an official level: Repeated countertrade conferences for senior government, bank and economic officials from around 75 countries

Payment terms: negotiable

Name of respondent: Helmut J Ferenz

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: BANQUE FRANCAISE DU COMMERCE EXTERIEUR

Address: 21 BLD HAUSSMANN - 75009 PARIS

Telephone No.: 47.42.12.18

Telex No.: 290 136 ECOM

Fax No.: 47 42 44 89

Name/position of contact(s) Henry CLAUDOT - Directeur Adjoint  
Marcel-Pierre MONTHORIN - Sous-Directeur

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered

to developing countries: BFCE's approach to Countertrade related to developing countries is based on finding opportunities to develop exports of developing countries. BFCE maintains a strict role of banking services, therefore advise, propose financial mechanism allowing a safe execution of reciprocal trade operations, mainly on South to South basis. As far as marketing research is concerned, BFCE may provide marketing information related to products, trading companies etc..

Previous experience of

advising developing Brazil (clearing operations) Mexico, Argentina - financing  
countries at an official mechanism related to payments of imports into these  
level: countries through pre-exports of products originating of  
such countries.  
Indonesia - development of trade relation between Indonesia  
and Eastern European Countries

Payment terms: Normal advising and banking fees

Name of respondent: \_\_\_\_\_

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: CENTRO INTERNATIONALE HANDELSBANK AG

Address: Tegetthoffstraße 1, P.O.Box 272

A-1015 Vienna

Austria

Telephone No.: 222/51 52 0-0

Telex No.: 136990 cent a

Fax No.: 222/52 58 61

Name/position of contact(s) Dkfm. Christian Sperk

Member of the Executive Board

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Advisory activity for elaborating

countertrade policy, "without recourse"

performance of countertrade contracts of

Western suppliers in countries like Indonesia,

Malaysia, Brazil, India, Thailand, China,

Greece, Algeria, Tunisia, GDR, Comecon and

other countries.

Previous experience of advising developing countries at an official level: Centrobank has been advising the authorities in

Indonesia on the present countertrade

documentation (Letter of Undertaking,

Annex A, Assignment Agreement)

Payment terms: according to conditions of contract.

Name of respondent: \_\_\_\_\_

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: The Chase Manhattan Bank, N.A.

Address: Woolgate House,  
Coleman Street,  
London EC2P 2HD

Telephone No.: 01 726 5000

Telex No.: 8954681 CMB G

Fax No.: 01 606 8752

Name/position of contact(s) Paul Emmett  
VP

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: - Professional advice service on the various methods of structuring countertrade transactions, based on many years' experience in the trade finance business  
- Extensive experience of running Escrow accounts  
- Wide variety of country of risk cover available, eg. letter of credit confirmations  
- Using Chase network to source customers who can take on counterpurchase obligations.

Previous experience of advising developing countries at an official level: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Payment terms: As appropriate for each transaction.

Name of respondent: Paul Emmett

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Crown Agents for Oversea Governments and Administrations

Address: 52 Grosvenor Gardens  
LONDON SW1W OAX

Telephone No.: 01 834 3644

Telex No.: 915623

Fax No.: 01 222 0605

Name/position of contact(s) Qamar S Siddiqi, Director, Crown Agents Financial Advisory Service (CAFAS)

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered

to developing countries: Through its Financial Advisory Service, Crown Agents provide assistance to governments in assessing and utilising opportunities for countertrade, as part of the country's efforts to mobilise domestic resources and to develop its exports of non-traditional products and commodities. The services offered include countertrade feasibility studies, developing countertrade policies and assistance in marketing the clients' goods and commodities.

Previous experience of advising developing countries at an official level:

CAFAS is able to draw on the entire range of professional skills in the Crown Agents organisation. These skills have enabled the Crown Agents to become one of the world's largest and most experienced international public service buying agencies. Crown Agents as a whole provide professional, commercial and financial services to more\*

Payment terms:

Monthly against invoice

Name of respondent:

Q S Siddiqi

\*than one hundred Governments and three hundred other public authorities and international bodies throughout the world.

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Deerfield Communications Corporation

Address: 210 East 39th Street

New York, New York 10016

Telephone No.: 212 635 0066

Telex No.: 710 581 2376

Fax No.: -

Name/position of contact(s) Fred B. Tarter, President

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Purchase of goods as part of buy backs and counter purchase agreements. Mostly consumer goods.

Previous experience of advising developing countries at an official level: Set up first data processing plant as part of evidence account in Jamaica

Payment terms: Letter of Credit

Name of respondent: Fred Tarter

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: F.J. Elsner & Co.

Address: Sterngasse 6a

A-1010 Vienna

Telephone No.: 63 07 23

Telex No.: 111949 elsnw a

Fax No.: 63 67 13

Name/position of contact(s) Dr. Wilhelm Ambichl, General Manager

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Dissolving of C.T. obligations for third parties in own name and for own account in Comecon countries and specific Third World countries, such as Indonesia, China, Thailand, Philippines, Bangladesh, Tunisia, Algeria, Egypt, Zimbabwe, Argentina, Ecuador, Malaysia.

Previous experience of advising developing countries at an official level: We have been advising top officials and governmental authorities in Malaysia, Thailand, China and the Philippines. In Malaysia we are running a joint-venture company (Kuala Lumpur) for C.T. only, which covers one third of all C.T. contracts.

Payment terms: L/C, Buy-back, parallel deals and barter.

Name of respondent: Dr. Wilhelm Ambichl

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: EUROPEAN INTERAMERICAN FINANCE CORP.

Address: 400 MADISON AVENUE - SUITE 401  
NEW YORK, N.Y. 10017

Telephone No.: (212) 751-2200

Telex No.: 225180 EURIN UR

Fax No.: (212) 319-7833

Name/position of contact(s) MARTIN W. SCHUBERT, CHAIRMAN  
PETER DE WOLFF, SENIOR VICE PRESIDENT

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered THE EURINAM GROUP, IN JOINT VENTURE WITH SINGER & FRIEDLANDER LTD., U.K. PROVIDES EXPORT CREDIT to developing countries: FINANCING WORLD WIDE, SPECIALIZING IN UNIQUE METHODS OF DISCOUNTING PROMISSORY NOTES FOR THIRD WORLD MAJOR CORPORATE AND SOVEREIGN RISK DEBTORS. MEANS OF FINANCING MAY INCLUDE A FORFEIT DISCOUNT FOR CASH OR VARIOUS NON-TRADITIONAL METHODS INCLUDING PAYMENT THROUGH OTHER ASSETS. THE EURINAM GROUP ALSO OFFERS SPECIALIZED FINANCING AND CONSULTING SERVICES IN CONJUNCTION WITH PROJECTS AND FOR GOVERNMENT TO GOVERNMENT BARTERS.

Previous experience of advising developing countries at an official level: THE EURINAM AND SINGER & FRIEDLANDER LTD. DIRECTORS HAVE BEEN ACTIVE ADVISORS TO VARIOUS DEVELOPING COUNTRIES FOR NUMEROUS YEARS ON AN UNDISCLOSED BASIS, INCLUDING SPECIAL WORK IN CONJUNCTION WITH THE FORMULATION OF DEBT EQUITY CONVERSION PROGRAMS AND ASSET SWAPS, A FIELD WHICH IT PIONEERED.

Payment terms: FINANCING UP TO 10 YEARS

Name of respondent: MARTIN W. SCHUBERT

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Genossenschaftliche Zentralbank AG

Address: Herrengasse 1  
A-1010 Vienna

Telephone No.: 63 27 78 or 6662-0

Telex No.: 136556 zbah and 136989 zena

Fax No.: \_\_\_\_\_

Name/position of contact(s) Dir. Dr. Herbert Stepic  
Head of International Department

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: GZB offers a full fledged Merchant Banking service including C.T., where the trading function is being taken over by F.J.Elsner & Co. and their subsidiaries, and the financial engineering by the merchant banking department of GZB itself.

Previous experience of advising developing countries at an official level: No direct consulting of governments or countries, only privat enterprises and multinationals.

Payment terms: Financial package consisting of straight payment, L/C together with all forms of C.T. payment forms.

Name of respondent: Dr. Herbert Stepic, Member of  
the Board

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Lloyds Bank Plc  
Address: Barter and Countertrade Department  
71 Lombard Street  
LONDON EC3P 3BS  
Telephone No.: (01) - 626 1500 x 2278  
Telex No.: 888301 LOYDLN G  
Fax No.: 01 - 626 1500 x 3164  
Name/position of contact(s): 1. A.J. Linger, Chief Manager  
2. R. England, Senior Manager  
3. D.R. Stott, Manager Countertrade Services

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: 1. Advice on structuring Countertrade operations  
2. Introduction to Traders/Buyers/Suppliers  
3. Documenting transactions  
4. Administration and control of transactions  
5. Normal banking facilities

Previous experience of advising developing countries at an official level: Lloyds Bank has many years experience in  
advising developing Countries in all types of  
banking services. The B & CT Department has  
given advice to numerous Countries in developing  
their Countertrade activities to maximise  
export/import requirements.

Payment terms: N/A

Name of respondent: D.R. Stott

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Sources of Advice, Assistance and Services

Name of Company: MARCOTRADE S.A.

Address: 10, Cours de Rive

Geneva 3

Switzerland

Telephone No.: (022) 36 19 20

Telex No.: 421333 A/B ARA

Fax No.: (022) 36 14 39

Name/position of contact(s) S Cabaj - Manager

A Irani - Manager

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: 1) Commodity Imports/Exports

2) Finance

3) Transport

4) Investment in Export oriented projects

5) Competitive Import Substitution projects

Previous experience of advising developing countries at an official level: 1) Pakistan 6) Uganda

2) Iran 7) Sudan

3) Madagascar

4) Tanzania

5) Zambia

Payment terms: To be mutually agreed

Name of respondent: Aspi Irani

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Sources of Advice, Assistance and Services

Name of Company: MARYLAND NATIONAL BANK

Address: 2, NORTH CHARLES STREET

BALTIMORE, MD 21201

Telephone No.: 301-244 6026

Telex No.: 197637

Fax No.: 528-2786

Name/position of contact(s) MARTIN R. BRILL, V.P.

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered

- to developing countries: (1) Advise client on negotiating and pricing strategies for countertrade products
- (2) Identify end-users
- (3) Establish escrow accounts
- (4) Case-by-case finance importers and exporters
- (5) Provide documentary services to support the transaction

Previous experience of advising developing countries at an official level:

Advised and structured countertrade transactions in China, Malaysia, Brazil, Mexico, Zimbabwe, Belgium, Jamaica

Payment terms: Fee basis determined by difficulty of transaction, amount and time required

Name of respondent: MARTIN R. BRILL

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: MG Services Company

Address: 520, Madison Avenue,  
27th Floor,  
New York,  
NY 10022, U.S.A.

Telephone No.: (212) 715 5200

Telex No.: 423540 mgs ui

Fax No.: (212) 715 5291

Name/position of contact(s) Philip S. Beckerman

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: a) Advice on the establishment of manageable,  
effective Countertrade schemes/policies  
b) Setting-up of Trade Finance facilities for the  
import of essential goods.

Previous experience of  
advising developing  
countries at an official  
level: \*Advice to Indonesian Department of Trade on  
Countertrade Regulations.  
\*Advice to Malaysian Unit Khas Countertrade/Ministry  
of Trade and Industry on Countertrade Regulations.  
\*Advice to Columbian INCOMEX on Countertrade Regulations.  
\*Frame Countertrade Agreements with the Governments of  
India, Pakistan, Bangladesh, Greece.

Payment terms: To be negotiated.

Name of respondent: Mr. Yves M. Kupfermunz, Managing Director of MG Services  
in London.

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: MIDLAND BANK PLC, INTERNATIONAL DIVISION

Address: 87 QUEEN VICTORIA STREET,  
LONDON EC4V 4AP

Telephone No.: 01-260 4544/5008

Telex No.: 887305/888401

Fax No.: 01-260 5723

Name/position of contact(s) G.M. Nockles, Countertrade Director  
C.H. Heritage, Manager, Countertrade

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: Advice on countertrade in other countries  
Consultancy service on the merits of countertrade  
Detailed tailor-making of countertrade policy to  
fit in with country requirements

Previous experience of  
advising developing  
countries at an official  
level: Practical assistance in all aspects of  
implementation of countertrade policy  
Assistance in export promotion through trading  
subsidiary  
ADVISORY WORK ON COUNTERTRADE  
CYPRUS - Min. of Commerce and Industry 1986  
EGYPT - Export Development Bank 1985  
ECUADOR - Ministry of Foreign Trade 1986  
MALTA - Malta Development Corporation 1985  
THAILAND - Ministry of Commerce 1986

Payment terms: In addition the Midland Bank Group has undertaken  
a variety of advisory work in many countries in  
related areas  
Subject to individual negotiation

Name of respondent: C. Heritage

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Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: MIRTECH S.A.

Address: Case postale 93  
CH-1211 Geneva 19 (Petit Saconnex)  
Switzerland

Telephone No.: Geneva (022) 76.11.37

Telex No.: --

Fax No.: --

Name/position of contact(s) Donald Whittaker - Managing Director  
Thaddeus Kopinski - U.S. rep. based in Washington, DC

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: We have prepared papers, presented talks and provided consultancy services to various developing countries in the framework of UNCTAD- and ASTROC-sponsored seminars, workshops and conferences. We have prepared negotiating guides for the Economic Commission for Europe's Expert Group on Contract Practices, for use in countertrade negotiations. These guides have been widely distributed through the U.N. system.

Previous experience of advising developing countries at an official level: We have advised STOs in several developing countries on potential partners (end-users, trading houses, banks) for individual countertrade transactions.

Payment terms: Negotiable.

Name of respondent: Donald Whittaker

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Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: NISSHO IWAI CORPORATION

Address: 4-5, AKASAKA 2-CHOME, MINATO-KU, TOKYO 107, JAPAN

Telephone No.: (03) 588-3654, 588-3631

Telex No.: 22233 NIC TK

Fax No.: (03) 588-4334

Name/position of contact(s) MR.I.IZUMI, GENERAL MANAGER OF COUNTERTRADE  
OFFICE

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: \_\_\_\_\_

Japanese based, trading house (sogo shosha)  
with 137 international offices.

Previous experience of advising developing countries at an official level: \_\_\_\_\_

Payment terms: \_\_\_\_\_

Name of respondent: \_\_\_\_\_

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Sources of Advice, Assistance and Services

Name of Company: POSTIPANKKI

Address: Unioninkatu 20  
SF-00007 Helsinki  
FINLAND

Telephone No.: +358-0-164 3782

Telex No.: 123687 PSPUS SF

Fax No.: +358-0-164 3634

Name/position of contact(s) Mr. Jouko Toikka  
Special Adviser

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Full banking services + countertrade advice & assistance in Finland - related trade operations

Geographic specialties: Eastern Europe

Previous experience of advising developing countries at an official level:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Payment terms: \_\_\_\_\_

Name of respondent: Jouko Toikka

Subsidiary in London: POSTIPANKKI (U.K.) LIMITED  
10/12 Little Trinity Lane  
London EC4V 2AA  
Tel. +44-1-489 0303  
Tlx. 894818 FINBK-G  
Cables FINNIT, LONDON EC4  
Telefax +44-1-489 1142

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Sources of Advice, Assistance and Services

Name of Company: Produce Studies Ltd.

Address: Northcroft House,  
West Street,  
Newbury,  
Berkshire RG13 1HD England

Telephone No.: (0635) 46112

Telex No.: 849228 PROMAR G

Fax No.: (0635) 43945

Name/position of contact(s) Stephen Jones - Director, Overseas Division  
Ashley Jagoe - Research Executive

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: Policy advice to governments and private clients.  
Finding buyers for countertraded exports.  
Identifying incremental export opportunities.  
In-country studies to identify potential countertrade exports, and assess feasibility of countertrade.  
Publications and seminars.

Previous experience of  
advising developing  
countries at an official  
level: Co-ordinating consultants for Commonwealth Symposium on Countertrade, in Jamaica, 1986.  
Consultants retained by the Commonwealth Secretariat to research and prepare this countertrade manual.

Payment terms: Negotiable.

Name of respondent: \_\_\_\_\_

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Prudential-Bache Trade Corporation

Address: 100 Gold Street, 5th Floor,  
New York, New York, 10292.

Telephone No.: (212) 406-6615

Telex No.: 6720090 PBTC VW

Fax No.: (212) 619-1409

Name/position of contact(s) Neil H. Caplan  
Sr. Vice President.

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: Merchant Banking, Trade Finance, Project Finance,  
Commodity-linked Finance, Countertrade,  
Pre-Export Financing.

Previous experience of  
advising developing  
countries at an official  
level: - Special Trading Agreement with the Government  
of Pakistan.  
- Advisors to African Development Bank  
- Advisors to Asian Development Bank

Payment terms: \_\_\_\_\_

Name of respondent: Steven Peterson, V.P.

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Sources of Advice, Assistance and Services

Name of Company: Scandinavian Trading International Ltd.,

Address: 3 Queen Street,  
Mayfair,  
London, W1X 7PH  
England

Telephone No.: 01-4092840

Telex No.: 263576 Tradea 6

Fax No.: 44-1 6295178

Name/position of contact(s) Rolf Carlsson  
Peter Marks

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: Countertrade assistance  
- Structuring  
- Import-Export  
Commodities such as oil, fertilisers  
food products and agriculture products

Previous experience of  
advising developing  
countries at an official  
level: Government level as well as on private  
levels.

Payment terms: Countertrade

Name of respondent: Rolf Carlsson

Questionnaire

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Sources of Advice, Assistance and Services

Name of Company: Skandinaviska Enskilda Banken; SEB International

Address: 106 40 STOCKHOLM

Telephone No.: 08-763 50 00

Telex No.: 11 000 essebi s

Fax No.: 08-763 83 89

Name/position of contact(s) Department Manager

William Nisser

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered

to developing countries: SEB provides financial services, commercial and legal advice, arranges Interbank agreements and keeps special accounts under CT contracts. SEB has together with Danish, Norwegian and Finnish banks formed the SBP Trading Group, thus comprehensively covering a market of 25 million people.

Previous experience of advising developing countries at an official level:

As the leading bank in Scandinavia SEB offers a wide range of financial services and advice to our clients, to our correspondents and to various official financial institutions in connection with Scandinavian related activities in Africa and Latinamerica/the Carribean

Payment terms: CAD, L/Cs, Blocked amounts, Deferred payment

Name of respondent: William Nisser

Questionnaire

Countertrade Manual

Sources of Advice, Assistance and Services

Name of Company: Straits Petroleum and Partners

Address: P.O. Box 546 Head Office: Park House  
Diablo 165/177, The Broadway  
California 94528 London SW19 1AQ  
U.S.A.

Telephone No.: (415) 831 0110 01 543 2133

Telex No.: 353438 917910 STRAIT G

Fax No.: (415) 831 0110 01 543 7906

Name/position of contact(s) Tony Amor - Vice President

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered to developing countries: Oil and countertrade consultants - wide range of specialised services to international exporters considering / utilising CT to improve their competitive position or to overcome payment or financing problems. Services include planning CT strategy, developing details and structure of tenders, helping with or undertaking negotiations, documenting and implementing the transaction  
Principal(s) have all worked in third-world countries. Mr. Amor has also worked (and continues to work) for the U.S. Agency for International Development in the Caribbean. Other principals have been active at Government levels in a number of African countries.

Previous experience of advising developing countries at an official level: Mr. Amor has also worked (and continues to work) for the U.S. Agency for International Development in the Caribbean. Other principals have been active at Government levels in a number of African countries.

Payment terms: Commission basis, based on successful transaction.

Name of respondent: A.R. Amor.

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Sources of Advice, Assistance and Services

Name of Company: UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)

Address: Palais des Nations  
1211 GENEVA 10  
SWITZERLAND

Telephone No.: (022) 34 60 11

Telex No.: 28 96 96 (CALL BACK: UNO CH)

Fax No.: -

Name/position of contact(s) Mr. Raúl Uranga, Chief, Enterprises/Sectoral  
Co-operation Section, Division for ECDC  
~~Mr. F. Joshua, Economic Affairs Officer, Enterprises/~~  
Sectoral Co-operation Section, Division for ECDC

A separate sheet may be attached if you wish to list subsidiary or regional offices.

Range of services offered  
to developing countries: Analytical studies on the policies, practices, legal and  
other institutional arrangements, related economic and  
trading issues; identification and evaluation of CT opportunities;  
technical advice and training for both public and private sector  
business executives.

Previous experience of  
advising developing  
countries at an official  
level: Interregional and regional training workshops convened in  
Belgrade, Kuala Lumpur, Bangkok, Las Palmas (Gran Canary Island)  
(National training workshops due to be held shortly in Lima  
and Mexico City. Other specialised events forecasted).

Payment terms: Not relevant.

Name of respondent: Frank T. Joshua