

In the CCC survey, no companies (except the subsidiaries of three multinationals) have specialized in-house personnel, or hire temporary consultants to help in CT negotiations. Most firms did not see full or partial counterpurchase as an important reason for their sales success in Eastern Europe or the volume of this type of trade large enough to warrant taking steps to organize for CT on a permanent basis. Also, the strategy of offering concession in lieu of assuming CT obligations has not necessitated recruiting specialized personnel or setting up separate corporate CT organizations.

Only large multinationals, such as General Data Corporation, Coca Cola Co., Rockwell International, General Motors, and General Electric Corporation have set up trading company subsidiaries to market CT goods. Among Canadian manufacturers, separate trading house subsidiaries have been established by Canada Wire and Cable, Alcan Ltd., and Canada Packers Ltd.

Capacity to Handle CT Goods

When a firm decides to involve itself in CT transactions on a long-term basis, it will have to decide on one of the following options:

1. to select goods and services that can be absorbed within their own organization or clients; in the East-West Project survey of the five firms which had acquired Eastern products under CT arrangements, all indicated they had absorbed the goods internally or disposed of them through their own marketing channels;
2. to form its own CT unit; or
3. to transfer CT obligations to a third party, e.g., a trading house; trading houses are most useful to a company when:
 - it has no experience with CT obligations;
 - the volume of CT products is too large or varied for handling by the company alone;
 - the CT products cannot be used by the company; and the company is not prepared to establish its own CT unit.

Generally, involvement by commodity-oriented trading houses in another firm's CT obligations is peripheral to their normal transactions. As long as profits are commensurate with the risks, trading houses will provide useful services to companies facing CT transactions in the following areas:

1. as principal in CT transactions on behalf of an exporter, provided the goods are not out of their field of specialization
2. as adviser to exporters on the type of products that are marketable on world markets
3. as an authority on the market value of the CT goods offered and price quotations on the exporters' products and/or services

There are several hundred trading houses in the trading centers of Western Europe, Japan and the U.S.A. The majority are one to two-person organizations which specialize in a certain commodity range or geographic area. The Canadian trade commissioners in Canada and abroad are in a position to suggest names of firms that are involved in this business in the countries to which they are assigned. Many of these firms are located in Austria and Switzerland. Globally, there are probably no more than 30 major trading houses with operations covering a wide range of commodities and diverse geographical areas.