

would be well advised to deal only in those items that are given a very high priority by the government.

Trade and Foreign Exchange Controls

Importers must be registered with the government to qualify for import licenses, which are required for all goods. Certain goods, such as luxury items, or goods which may be obtained locally, or whose importation would harm local industry, and goods hazardous in themselves may not be imported at all. Licenses are granted on a priority basis; high on the list at present are spare parts, machinery and certain major food items. Advance import deposits are required, ranging from 10% for high priority items to 250% for motor cars.

Exports of some agricultural items, explosives and certain art objects are prohibited. Export licenses are required for tobacco, hides and skins, petroleum products, minerals and some agricultural products. Oil exports have special considerations. Other goods do not require an export license. No trade is permitted with Namibia or South Africa.

Foreign exchange proceeds, except those for petroleum or petroleum products, must be surrendered via commercial banks to the Central Bank within 90 days of the shipment of the goods. Nigerians are prohibited from maintaining accounts abroad.

PAKISTAN

Although countertrade has had limited application in Pakistan, the government is conducting an intensive review designed to increase its use. Experience has been primarily with East European bloc countries, Finland, Sweden and China, and negotiations are being carried out with Brazil. Private firms are allowed to enter into countertrade contracts with foreign governments if reciprocal letters of credit are established in acceptable currencies. While foreign suppliers are not obliged to use countertrade, preference is sometimes given to those firms that offer this facility.

In 1984, 65% of import purchases were made by private sector companies, excluding the substantial defence procurements. When a private firm wishes to use countertrade, approval must be granted in advance by the State Bank of Pakistan and the Ministries of Finance and Commerce. There are several trading firms in Pakistan who have extensive countertrade expertise.

State trading firms have also been involved in a number of countertrade deals. The state airline, PIA, has purchased six Boeing airliners and 20% of the price will be paid in locally produced goods. Buybacks in mining projects are also being considered for foreign participants. The Trading Corporation of Pakistan has recently traded rice and cotton under countertrade agreements.

Trade and Foreign Exchange Controls

All imports which are not prohibited for religious or security reasons require licenses. There are three categories of goods: prohibited, restricted and permitted. Restricted items may be imported only by the public sector, or from specific sources (e.g., dates may only come from Iraq) or they may be consumer goods subject to quotas. Permitted goods may be freely imported except for those that only state-owned enterprises or industrial users may bring in. Licenses, issued by the Chief Controller of Imports and Exports, are valid for one to two years, depending on the nature of the import. Specified goods from India may be imported only through the state-owned Trading Corporation of Pakistan.

The State Bank does not usually allow advance payments for imports. Authority has been vested in a number of banks and other credit institutions to handle foreign exchange and oversee exchange surrender requirements.

Exports of most items may be made freely. Quotas exist for some agricultural products, while others, such as rice and cotton, are restricted to state-owned enterprises. Exchange proceeds must be surrendered within four months of shipment. Concessional financing and tax rebates are available as incentives to some exporters.

PERU

The official position of the Peruvian government with regard to countertrade has developed in response to Peru's debt crisis. Peru has, over the past two years, used countertrade as payment primarily to East European countries on overdue debt. No other type of countertrade transaction has taken place as Peru does not yet have a legal framework to approve such transactions.

The Belaunde government drafted legislation, in late 1984, to regulate countertrade transactions that fall outside of agreements associated with debt rescheduling. The draft legislation is expected to receive Congressional approval under the new APRA government before the end of 1985.

The proposed legislation sets up a Committee to review and approve countertrade transactions. The proposed Committee will be chaired by the Vice-Minister of Trade and will include representatives of the Ministry of Economy and Finance, the Central Bank, Banco de la Nacion, the Peruvian State Agency responsible for promoting non-traditional exports — Fopex, and a representative of the private sector. The Committee will develop the necessary administrative framework for the operation of countertrade transactions. One of the objectives of countertrade will be to stimulate non-traditional exports and to establish new markets for export products. Until the proposed law is passed, no countertrade operations can take place unless they are conducted under a debt renegotiation.

The Peruvian government has undertaken numerous countertrade transactions to cover debt repayments with East European countries and with Israel. Peru's countertrade agreements with the U.S.S.R. have included shipments of fish products, shoes, textiles, and ceramics as well as traditional mineral exports. In 1985, Peru expects to cancel approximately \$150 million (US) of its debt with the U.S.S.R. using traditional and non-traditional exports. Czechoslovakia has also offered to cancel \$50 million of their debt with traditional and non-traditional exports (e.g., fishmeal, copper, lead, zinc, coffee, frozen fish, and artisanal products). The Czechs are also proposing a countertrade transaction to finance a new stage of a rural electrification project valued at \$22 million, bartering non-ferrous metals over a 10-year period. Debt on a Yugoslavian irrigation project, Chira-Piura, has been renegotiated (\$35 million) with 20% of traditional products and 80% of non-traditional products, through a Panama-based countertrade company.

Israeli companies have agreed to accept countertrade to satisfy their debt because they are able to fairly easily identify markets and because they are financially unable to wait for a possible cash repayment.

Trade and Foreign Exchange Controls

The General Directorate of Foreign Trade in the Ministry of Economy, Finance and Commerce is responsible for the issuance of export and import licenses. Most items can be imported without restriction subject to duty. Some luxury items have just recently been denied import, but Canadian export products are not affected.

The government of Peru controls a significant part of the economy and is the principal exporter of silver, gold and other refined metals, fish meal and fish oil, petroleum derivatives and cotton. Some specified commodities, such as foodstuffs, require prior license in order to be exported