extreme cases where Zimbabwe cannot otherwise export the goods offered. Faced with a severe shortage of foreign exchange, the government is unwilling to forego any possible earnings from exports, and will even discount its goods in preference to countertrade.

The government plays a major role in countertrade deals through its Interministerial Committee for Special Trading Arrangements, which meets every two weeks. The Committee membership is drawn from the Ministries of Trade and Commerce, Industry and Technology, National Supply, Foreign Affairs, Agriculture, Mines and Finance, Economic Planning and Development, along with members from agencies such as the Zimbabwe Tobacco Association, the Reserve Bank and the Minerals Marketing Corporation, and from the private sector. The Committee was established in 1981 to advise on countertrade policy, formerly the jurisdiction of the Reserve Bank alone.

In 1983, the Committee drew up guidelines for evaluating countertrade proposals and although they have not been officially made public, they illustrate quite clearly the path the Committee will take. The salient point is that the arrangement is one that could not be made for cash and the only way for the domestic product to be exported is through countertrade. The domestic product must be a 'frustrated' one, that is, something difficult to sell or in an area where it is desirable to increase export markets. It is vital that the import be a high priority under government policy, such as raw materials. Countertrade may be permitted to gain entry into otherwise closed foreign markets (for example, nations with foreign exchange shortages). Lastly, the prices of the import and export goods must be "reasonable": this does not rule out discounting.

Goods favoured by Zimbabwe for countertrade include low-carbon ferrochrome, high-nicotine tobacco, and asbestos, none of which are in great international demand. Some consideration is being given to other commodities, such as normal-quality tobacco. Nickel has previously been countertraded. Maize has also been exchanged for wheat from the U.S. and Australia.

Zimbabwe is interested in countertrading for items it considers essential, such as industrial machinery and spare parts, agricultural supplies and industrial raw materials. Long-term contracts for product support are not acceptable. All goods entering the country undergo a quality examination by the Swiss company, SGS.

Buy-back deals in the mining sector are a good possibility; exchanging ore for foreign-supplied mining machinery is quite acceptable, although the matter would have to go before the government's Foreign Investment Committee.

Countertrade deals have been very rare to date and almost all have been carried out on a government-to-government basis. Romania has purchased ferrochrome in exchange for urea, Bulgaria has exchanged maize and wheat for Zimbabwean tobacco, and the German Democratic Republic has supplied industrial raw materials in exchange for ferrochrome and tobacco. The guidelines have been liberally interpreted in some of these cases, as it is a policy of the government to attempt to diversify Zimbabwe's export trade. The East European bloc appears to be the major recipient, in part because of this policy but also due to the fact that foreign exchange shortages prevent cash transactions. An additional factor is that Zimbabwean authorities now stipulate that goods to be bartered must originate in the country with which the transaction is negotiated, and may require a certificate of origin.

In November 1983, Zimbabwe and Tanzania entered into a countertrade agreement that allows each country to open local accounts in each other's countries. Tanzania is interested in the purchase of farm equipment, coal, iron sheeting and seafood, while Zimbabwe wishes to buy sisal products, cloves, clove oil, seafood and iron sheeting.

Firms with a countertrade proposal should approach the Interministerial Committee, with a follow-up letter to the Reserve Bank. Depending on the commodity, consultations should also be made with the appropriate agency, such as the Zimbabwe Tobacco Association.

Trade and Foreign Exchange Controls

Most imports must be licensed and licenses will only be issued against a foreign exchange allocation. The Ministry of Finance heads a government committee which establishes annual foreign exchange allocations based on a priority of needs. Allocations are issued by the Ministry of Trade and Commerce for imports by merchants and by the Ministry of Industry and Energy where a manufacturer is the proposed importer. Import permits are valid for six months, but may be extended. Some agricultural imports require a permit from the Ministry of Agriculture and the Grain Marketing and Cotton Marketing Boards have an import monopoly for some commodities.

Specified exports, including petroleum products, some wood products and wild animals, require a license. Export proceeds must be received within 90 days and sold to authorized dealers. Exports to certain countries must be paid for in advance or by irrevocable letter of credit issued or confirmed prior to export.