ENESA. In 1984, only 70 or so transactions were approved, totalling some $80 million (US).

Trade and Foreign Exchange Restrictions

Imports are divided into three categories: free imports, prior license, and forbidden imports. Free imports, which require no authorization for entry, virtually do not exist. Forbidden goods include hazardous items, purely luxury goods, or goods that may be obtained locally in sufficient quantities and at a reasonable price. Prior license goods, which make up approximately 93% of all of Colombia's foreign purchases, require authorization by INCOMEX, which may approve the importation in whole or in part, or may postpone or reject it.

INCOMEX examines the application and considers whether the proposed import could be replaced by locally-produced goods; whether the import is a luxury item; whether the import has a high value; and whether it is used, imperfect, a second or discontinued. High priority imports include raw materials, and spares necessary for the proper maintenance of production capacity.

These controls apply to all importers, including the Colombian government, which is itself responsible for one-third of the nation's imports. However, certain goods on both the prior license list and the forbidden list may be imported if countertrade is a requirement of the contract.

Import licenses are valid for up to nine months and may be extended. A foreign exchange license for payments abroad requires a prior deposit and payment for the imports is made through the Central Bank's exchange certificates, which are freely negotiable.

Exports may qualify for certain government incentives, such as tax credits or a release from sales tax, if they are non-traditional goods. However, these credits are lost if the items are sold by countertrade. Some exports, including petroleum and certain foodstuffs, are prohibited. Export transactions must be registered with INCOMEX, along with a guarantee of 5% of the invoice total. Export proceeds must be repatriated within a specified period, depending on the commodity traded. Foreign earnings are surrendered for exchange certificates.

COSTA RICA

In 1983, Costa Rica set out formal regulations for the conduct of countertrade transactions, pursuant to the nation's 1965 Barter Law. Although the regulations specifically refer only to barter, all countertrade activities are governed by them. While the government is concerned about the complexities of countertrade, and administrative problems including the flight of capital through fraudulent invoicing, Costa Rica's inability to service its foreign debt, which is estimated at $4 billion (US), may serve to encourage countertrade.

Countertrade activities are handled by the Central Bank and the Ministry of Economy and Commerce. The Ministry's Directorate of External Finance is responsible for the initial evaluation of any proposed countertrade transaction. Where the deal involves CACM nations or Panama, the agency responsible is the Central American Common Market (CACM) Nations' Directorate of Economic Integration. Following this initial review, any application is further examined by a Technical Committee. The Technical Committee determines whether the transaction would increase overall Costa Rican exports and improve the balance of trade; whether the imports are essential or have an assured market; whether prices adequately reflect world market conditions; and whether the item to be imported could be replaced by a domestically-produced item. It is preferable that goods which may be sold for hard currency do not become the objects of countertrade, and that such trade be conducted with a country with which Costa Rica currently runs a trade deficit. Where the Technical Committee approves the transaction, a 90-day barter license is granted by the Ministry.

The license is a specific document that contains the names of the exporter and importer and foreign consignee; a description of the merchandise to be traded; country of destination; FOB or CIF value in dollars; the name of the foreign bank involved in the barter operation; supportive exit or entry documentation for the merchandise; and lastly, the expiration date of the barter license.

Where a price adjustment greater than 5% of the value of the goods occurs within the 90-day period in favour of the foreign supplier, the importer is required to make up the difference in currency. Should the prices change to the advantage of the Costa Rican importer, any excess of foreign exchange over the 5% margin is required to be deposited in the Central Bank.

Since 1983 Costa Rica has been fairly active in countertrade. It has traded coffee for Israeli agrochemicals and for Romanian aluminum ingots, and onions for Panamanian rice. However, its largest countertrade partner is Nicaragua, another nation facing a foreign exchange shortage. Costa Rica exports a fairly wide range of manufactured goods to Nicaragua in exchange for polyvinyl chloride and caustic soda. There has also been activity with El Salvador in an attempt to facilitate compensation for the large Salvadoran debt owed to Costa Rica.

Because it is a small nation, Costa Rica does not have a large number of goods or services available for countertrade, with the exception of traditional Central American agricultural products. The expressed interest in countertrade possibilities has yet to be converted into substantial economic activity. It appears that, in the foreseeable future, the predominant countertrade transactions will be with other members of the CACM group.

Trade and Foreign Exchange Controls

In order to be eligible for foreign exchange, any imports with a value of over $500 must be registered with the Central Bank, with the exception of goods originating in the CACM (of which Costa Rica is a member) or in Panama. Certain products originating in CACM countries may entitle the importer to reduction or elimination of duty. All imports from South Africa are prohibited.

Most imports, depending on their nature, are financed at a free market floating rate or at an interbank exchange rate.

Exports require licenses from the Central Bank, and certain exports require additional licenses from specific government ministries. In converting foreign exchange derived from exports, 1% is convertible at the official rate, while the remainder may be converted at the Bank rate. Export proceeds must be repatriated within 30-90 days of shipment, depending upon the type of goods exported.

CZECHOSLOVAKIA

Unlike the policy of other COMECON nations, it appears that countertrade transactions are given a fairly low priority in Czechoslovakia. The country has not been a major practitioner of countertrade; its goods are generally easy to market and it has an industrial tradition that has resulted in a high level of development, established markets and low foreign debt.

Countertrade transactions that have occurred tend to be more in the nature of financing mechanisms. Czechoslovakia prefers to offer exports of plant equipment and machined technical goods, but also offers, from time to time, semi-finished and fully-finished goods from the metallurgical industry, along with some chemical products.

Although there is an official view that countertrade is a regressive trade practice, Czechoslovakia is faced with