trade arrangement is stalled until, for example, the East European country reduces its surplus by accepting additional goods from the developing country. The East European country with no requirement for these goods sometimes attempts to transfer the amount of the surplus, or a portion of it, to a third party supplier of goods and/or services to the East European country.

SWAP - Takes place when the two parties agree to exchange exporting responsibilities thereby saving on freight. A good example of this is where a Dutch trader sells a shipload of crude oil from the Persian Gulf to Brazil. Mexico had sold a similar shipload to a customer in France. The two parties, Mexico and the Dutch trader, decide to swap shiploads with Mexican crude going to Brazil and Persian Gulf crude going to France.

HISTORICAL PERSPECTIVE - Since many of the countertrade concepts and practices being implemented by LDC's were originally developed by governments in Eastern Europe, it is important to examine the East European experience. In the immediate post World War 11 years, barter characterized most trade with Eastern Europe. In the 1960s, most bilateral trade and clearing agreements were dropped to be replaced by countertrade demands that expanded and contracted in accordance with the economic cycles of the industrialized west. The reason was simple: during boom periods, the East European countries were able to sell many of their products, particularly raw materials and some manufactured goods for hard currency. However, during times of economic recession in the west, it was difficult to find buyers. Therefore, East European authorities responded by urging western