

PEPSICO INC. - U.S.S.R

This celebrated counterpurchase case involved Pepsico exporting its syrup from a British subsidiary to the Russian FTO, Soyuzplodoimport in return for Russian vodka. Under the original agreement, an annual production of 72 million bottles of Pepsico's soft-drink products were produced in a plant in Novorossigk on the Black Sea under the American company's supervision. Payment to Pepsico Inc. for the syrup, training and supervision of the Soviet workers, and for the use of the Pepsico trade mark was made in Stolichnaya vodka, which Soyuzplodoimport was responsible for exporting. Pepsico had previously acquired a major U.S. Liquor distributor, Monsieur Henri, and so was able to promote and distribute the Russian vodka within its own organization. Increased production and sales of Pepsi-Cola in the U.S.S.R. were made contingent on Pepsico's ability to market more vodka in the U.S.A. The agreement has worked very well, with more bottling plants being built in Moscow, Leningrad and Tallinn.

VOLVO-CHINA

The Swedish car and truck manufacturer, Volvo, has signed a trading agreement with the Chinese province of Canton. The deal will result in the Swedish company supplying cars, trucks and construction machines to the province in return for various Cantonese goods which Volvo will then sell on world markets. In order to do this, Volvo is to carry out these trading operations through two trading houses, one in Britain and one in Hong Kong. The total value of the agreement is in excess of US\$575 million.