of Uruguayan goods for Italian telecommunications equipment.

Trade and Foreign Exchange Controls

All imports must be registered before shipment to Uruguay. Registrations are usually for 180 days and most imported goods are subject to various import surcharges, taxes and duties.

Exports of some specified minerals are prohibited. Foreign exchange proceeds from export sales must be surrendered to qualified banks within three years of receipt. Some credits, in the form of reimbursements of direct taxes, may be available to exporters of non-traditional goods.

U.S.S.R.

Although the Soviet Union has promoted the use of countertrade and has established a department to deal with it within the Ministry of Foreign Trade, countertrade involving Western nations has been limited to large-scale compensation deals related to Soviet capital projects.

Industrial co-operation is the keynote here, and Western companies have been receptive because the projects have been large and the countertrade products marketable. Examples of buy-backs of this nature are natural gas from a pipeline using Western pipe, and equipment or bulk chemicals from a Western-supplied factory. These two sectors have been the most active ones for compensation projects. By 1983, 45 large industrial projects had been commissioned on this basis.

Counterpurchase has only rarely been used for the import of individual capital equipment. Priority imports generally do not require any countertrade obligations at all. There are no public regulations concerning countertrade and, where proposed, counterpurchase usually represents only a small fraction of the estimated contract value. Soviet bureaucracy feels that for small deals, countertrade is often more trouble than it is worth. As a result, only a small part of Soviet exports are in this form. Because energy and resource exports are the major elements in Soviet trade, countertrade will presumably continue to be concentrated in compensation deals in these sectors.

Compared with many nations, the U.S.S.R. has a healthy balance of trade. If foreign debt should worsen, then the U.S.S.R. might increase its countertrade requirements. Such a move would have to be made slowly, however, because a strong administrative set-up for counterpurchase does not yet exist.

When the Soviet Ministry of Foreign Trade engages in countertrade, negotiating practices are usually considered tolerable by Western partners. The initial countertrade demand generally ranges from 15-40% and the final countertrade commitment from 10-30%. The choice of salable Soviet countertrade products is wide but difficult to track down. Pricing is close to that of the world market but difficult to negotiate. The original length of the fulfillment period is 6-24 months, with penalties for non-fulfillment ranging from 15-50%. However, contract phrasing and implementation are correct and reliable because they are based on settlement documentation that is rated rigorous to rigid. Advance purchases are not appreciated and evidence accounts are of limited applicability in the U.S.S.R.

VENEZUELA

Venezuela's export economy is dominated by petroleum and oil related products, which account for 95% of the country's export revenues. Production is limited by OPEC quotas and the Venezuelan government is interested only in selling for hard currency. While countertrade in the energy sector is generally discouraged, a number of transactions have taken place.

Venezuela has arranged the exchange of 63 000 barrels of crude petroleum for 25 000 tons of Brazilian sugar over a period of three years. Italian technical assistance in agriculture and agro-industry has been purchased in exchange for petroleum under a 1979 agreement, and Nigeria and Venezuela have entered into an arrangement whereby heavy crude is shipped from Nigeria in exchange for light oil.

These transactions should be regarded as exceptional. By law, oil may not be bartered and the countertrade deals described were only made possible with the approval of the Venezuelan Congress. Prospective suppliers should not expect to receive oil as a countertrade product.

The Venezuelan government is, however, much more interested in expanding non-traditional exports and, as a secondary goal, in reducing the outflow of foreign exchange. Commercial countertrade transactions have been quite rare and have involved commodities which are often easily sold for cash on international markets. As part of a joint aluminum producing project, Japan has agreed to buy back 175 000 metric tonnes of Venezuelan aluminum each year. The Japanese partners have acquired a 20% interest in the state-owned aluminum company, called VENALUM. VENALUM has also entered into an arrangement with Jamaica exchanging alumina from Jamaica for an equivalent value of Venezuelan aluminum.

The Venzuelan Institute of Foreign Trade (ICE), the Ministry of Development and the Central Bank are the key agencies required for the approval of countertrade transactions. At present, no legislation exists setting out Venezuelan countertrade guidelines, although ICE and the Venezuelan Exporters Assocation (AVEX) are studying ways to promote countertrade in non-traditional exports. There may be an expansion of bilateral agreements, with the emphasis on small and medium-sized transactions.

Trade and Foreign Exchange Controls

In February 1983, the Venezuelan government, concerned by mounting foreign debt presently at $35 billion (US), implemented a number of selective exchange controls and certain import restrictions. These do not appear to be onerous to the majority of importers and exporters.

Some goods may not be imported, including coffee, salt, defence equipment, clothing, and footwear. In some cases, a government monopoly exists for the import of goods, including iron and steel. Foreign exchange receipts are required to be surrendered.

The Ministry of Development is responsible for the issuing of import licenses and prospective traders should be aware that there are quotas on some imports not originating in Andian Pact or LAIA countries. Some licenses do require an undertaking by the importer to purchase domestic products to a specified percentage. All imports from South Africa are prohibited.

The Ministry of Agriculture and Livestock handles export licenses for coffee, cocoa, rice and sugar; the Ministry of Development issues export licenses where the goods are deemed to be in short supply domestically.

The Ministry of Finance is responsible for export licenses for gold and precious stones. Hides and skins from certain endangered species, scrap metal and capital equipment may not be exported.

Exporters of some traditional commodities, including coffee and cocoa, may qualify for export subsidies, while non-traditional exports may be given government support through the Export Financing Fund, which provides credit facilities at favourable interest rates. Certain tax credits also exist.