Be sure that your final CT commitment is stated as a specific figure, not as a percentage of your sale.

It is vital to have separate contracts covering your sales to the country and your purchase of Eastern European goods. Two contracts are not only regarded as independent legal instruments, but allow for different settlement maturities and for higher Western export-risk insurance and financing. Also, in the event of a dispute over the CT goods, the details of your sales contract will remain secret. A single document leaves the Western seller vulnerable to manipulations on the part of the FTO.

- 8. When drafting the CT contract, be sure to include a provision for its possible transfer to a third party.
- 9. Finding suitable CT products is one of the trickiest parts of the negotiations. The canny MNC bargainer should avoid showing enthusiasm when he finds a product with good sales chances, otherwise the Eastern European side may decide to market the product itself and make it unavailable for CT. Furthermore, do not disclose the name of the final buyer for the CT goods (assuming you will not use them in-house), so that the FTO cannot approach him directly.
- 10. When negotiating products selection, ask the FTO for its own list of CT goods. It may contain only ten to twenty products, but they will probably be available. Do not negotiate on the basis of standard printed lists because these are usually out-of-date. If you want products handled by more than one FTO, you will have to get a list from each.

It is important to negotiate as wide a choice as possible. Do not accept products from a single Eastern European supplier unless the availability of specific goods at competitive prices is guaranteed in writing. Avoid products that require registration or after-sales service.

Explore the possibility of buying services to fill your CT commitment. Tourism, transportation, design, drafting, and printing services are becoming available.

11. Make sure that the validity of your CT commitment is contingent on the execution of your primary sales contract and on the availability of suitable CT products at competitive world market prices within a stipulated period after the order is placed.

Source: Business International, May 16, 1980.

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