

**COUNTERTRADE IN THE COMMONWEALTH OF INDEPENDENT STATES;
OBSERVATIONS AND ADVICE**

FOREWORD

This publication was prepared as a practical guide to exporters in doing business and countertrade in the former USSR. Its contents are based upon discussions with companies active in the former USSR, a recent visit to this market and research and information gathered from published and unpublished sources.

Any comments, suggestions or additions are welcome. These should be forwarded to M.J. Reshitnyk, Financial and Business Services Division, External Affairs and International Trade Canada, 125 Sussex Drive, Ottawa, Canada K1A 0G2, Tel: (613) 996-1862, Fax: (613) 943-1100.

INTRODUCTION

With the availability of hard currency in the Commonwealth of Independent States being scarce, many western exporters are investigating various forms of countertrade as perhaps the only means of financing their exports to the region. Nevertheless be aware that lots of talk and popular press coverage about countertrade misrepresent the situation and disguise the difficulty of successfully concluding a transaction. Many announced transactions never reach the conclusion stage.

The old countertrade adages of it being complicated, difficult to conclude and having a low success ratio hold true in the CIS. The fact that those who talk about it don't do it and those that do it don't talk about it adds to the difficulty of gathering proper information. The normal difficulty associated with successfully concluding a countertrade transaction is further aggravated by the current economic and political turmoil in the region. The situation has been described by some recent business visitors in terms of a new wild west - gold rush fever with rudimentary law and order.

The text has been presented according to 1/ Economic and Political considerations and 2/ Examining the Countertrade Option. This second section is divided into a general overview, finding products, rules and regulations, and transportation.