

Trading Houses Fees:

Nine trading houses provided full or partial data on the fees they received for fulfillment of countertrade obligations on behalf of their clients. Fees here are defined to cover expenses, subsidy for disposal of goods and profit. Average fees charged ranged from 3 to 25 percent of the obligation. The lowest fees charged range from 1 to 10 percent and highest ever charged from 4 to 38 percent. Most trading houses mentioned they took no retainer or upfront fee. Renumeration was common after performance.

Chosing a Trading House:

Criteria used by the interviewees, in choosing a trading house included: (a) risk-bearing and distribution capacity; (b) ability to assure a high level of performance; (c) level of financial standing; (d) value-for-money rating; (e) specific product, country and market knowledge; (f) network of affiliates; (g) whether they have a physical presence in the buyer's country; (h) whether they have had previous "hands-on" experience in countertrade and/or in the buyer's country, and (i) their relationship with the government of target country. Because the ratings on these criteria can vary significantly across the available trading houses, and can also vary significantly for the same trading house from transaction to transaction, most of the interviewed entities comparison shop for countertrade sercices.

The spokesperson for one of the interviewed entities noted that they had short listed three trading houses for one of their countertrade transactions. Their final choice was influenced by two factors:

- 1) the client's preference, and