

Western firms can pursue several strategies to negotiate lower CT terms by offering any one of the following:

- an extension of the repayment on the export contract
- an extension of the performance guarantees
- an expansion of training programs for the customer's personnel
- guaranteed fixed prices over a longer time period for part of the spares to be supplied

The risk of non-fulfilment of the CT obligation is open to negotiation and varies between 10 per cent and 20 per cent of the CT value or the non-fulfilled portion. (1)

III. COUNTERTRADE INSTITUTIONAL ARRANGEMENTS IN SELECTED WESTERN COUNTRIES

Western exporters facing CT demands must dispose of goods taken in exchange for their own exports. This problem has been addressed by:

- selecting semi-finished products or raw material which can be readily used in the exporter's production;
- selecting finished goods which are compatible and complementary to an existing product line and can be marketed as such; and
- selecting products which must be independently marketed and/or transferred to a third party for subsequent resale.

Only large Western exporters with diversified product range are likely to take back goods for their own use. Major problems arise for smaller and less diversified firms which can often be faced with the disposition of unwanted merchandise. To assist firms, organizations in a number of Western countries have been established by private and/or public-sector interests to provide an advisory or information service to firms faced with CT requests.

As well, a number of private-sector trading companies have been formed which specialize in CT with Comecon countries - the more prominent being located in Western Europe. A listing of such organizations is included in Appendix C.

A good example of a private-sector organization specializing in CT is Centro Internationale Handelsbank Aktiengesellschaft, a consortium of major banks and trading companies from Italy, Spain, Austria, Poland, France, Great Britain, and Japan. Shareholders are: Banco di Sicilia, Italy; Banco Popular Espanol, Spain; Bank fuer Arbeit und Wirtschaft Ag, Austria; Bank Handlowy w Warszawie S.A., Poland; Banque Occidentale pour l'Industrie et le Commerce S.A., France; Kleinwort, Benson Limited, Great Britain; and the Bank of Tokyo Ltd., Japan. Its services fall into three categories:

- Banking
 - Credits
 - Acceptances
 - A-forfait finance
 - Guarantees
 - Letters of Credit
 - Foreign Exchange and Deposits
 - Industrial Project Financing
- Commercial
 - Consulting
 - Fulfillment and financing of CT obligations
 - Consultancy services for imports and exports
 - Market research and industrial representation
 - Organization of the delivery of know-how and machinery equipment

(1) Election to pay the penalty may jeopardize future relations with the PTO.