

COUNTERPURCHASE - (Also called counter delivery, parallel trade or reciprocal trade) is the most frequently practiced form of countertrade. Under a counterpurchase arrangement, an exporter commits himself to buy (or to have third parties buy) products from the party or country he is selling to, equivalent to a certain percentage of his own deliveries. This can range from 5% to in excess of 100% depending on the circumstances. The major feature of counterpurchase is that two separate contracts are signed and linked - one for the sale by the exporter and the other representing the counterpurchase obligation which can be fulfilled over a certain period of time. This period can be negotiated or fixed depending on the circumstances. Unlike barter, each contract should have its own financing arrangements and not involve payment in kind. This overcomes the valuation problems found in barter and enables the exporter to be paid on delivery of his goods.

ADVANCE PURCHASE - The purpose of advance purchase is to secure payment. The hard currency generated by the advance purchase is placed in an escrow account outside the customer's country to ensure access to it. The major problem with this approach is identifying the appropriate products of use for advanced purchase. In many situations the goods being exported have to be considered incremental to existing trade in order to receive approval from the central authorities in that country.

OFFSET - Offsets are really a form of counterpurchase. However they differ from counterpurchase in the respect that offset activities are normally considered to be directly related to the product or services being