

Recent statistics indicate, if we exclude the U.S.A., that foreign major project activity has gone from approximately \$50 billion in 1981 to \$29 billion in 1985 representing a 42% decrease. This is the result of the present world recession, which affected slow growth in industrial countries and weaker construction spending plans for developing countries. This situation has been further compounded recently by the collapse of world oil prices and its impact on industrial process plant work abroad. As a result international competition for major projects has intensified dramatically to the extent that implementing countries have become not only demanding but very imaginative in their countertrade demands. For those of you who are not familiar with the term "countertrade", it is simply a generic term encompassing all transactions which replace or augment traditional cash or credit for various types of agreements between buyer and seller whereby a sale to an importer is conditional upon a reciprocal purchase or undertaking by the exporter. For those of you who are not familiar with the common forms of countertrade such as barter, counterpurchase, advance purchase, offsets, buy-back, and bilateral agreements, I will attempt to explain them as quickly as possible. To those of you who are old hands on this subject I ask you to please bear with me.

BARTER - A form of trade in which parties undertake a simple exchange of goods without the use of currency. Covered in one contract, delivery of goods or services are usually over a relatively short term. Barter deals are uncommon due to a myriad of problems primarily attributable to the valuation of goods in terms of each other.