

Trade and Foreign Exchange Controls

As a result of its economic problems, Argentina attempts to limit imports as much as possible. Import certificates are required for all imports and are obtained from the National Capital Import Directorate of the Secretariat of Commerce. Any application requires a sworn declaration of a need to import.

Imports are divided into three categories. List I covers goods which may not be imported. This includes luxury items or goods which may not be purchased unless permission is granted by the Secretariat of Commerce with the concurrence of the Secretariat of Industry. List II items may be imported if clearance is received from the Secretariat of Industry and the Honorary Advisory Committee on Imports. The Secretariat is made up of private industry representatives and government officials. List III includes capital goods, some chemical commodities, and plastics. Raw materials and feed stock for the pharmaceutical industry along with some medical equipment are also included in List III, and importation of these items requires the approval of the Ministry of Public Health and Social Action.

Most imports to Argentina require minimum financing terms of at least 180 days, calculated from the date of shipment, although imports from LAIA and CACM members require only a minimum term of 90 days. In accordance with this preferential treatment, it is expected that future countertrade transactions with Argentina will involve other Latin American countries — rather than the more developed nations. Capital equipment imports with a value of over \$50,000 (US) are financed using a sliding scale method which may require up to five years for final payment.

Export proceeds must be repatriated and surrendered within three days of payment. All proceeds from the sale of traditional exports must be received before shipment. Some non-traditional goods may be shipped on consignment for 360 days. Argentina offers a number of export financing arrangements, along with domestic tax rebate incentives especially for non-traditional exports.

AUSTRALIA

Although Australia has no legislation concerning private-sector countertrade transactions, it has had a very comprehensive policy requiring offsets in both civilian and military government procurement contracts since 1970.

The objectives of the offset program, re-affirmed in 1976 and 1979, are to obtain technology and skills, open new markets for Australian goods, promote investment and employment and, in the military sector, enhance the nation's defence capability. This program was stimulated by Australia's increasing defence expenditures and has been particularly notable in its application to aircraft purchases, including the F-111 and F-18A.

Offsets are currently required to a value of 30% of imported portions of contracts where the total contract is \$1 million (AUS) and the imported component at least \$500,000 (AUS). Bids without offset proposals are not considered. It should be noted that offsets targets are not developed competitively but are often negotiated after contract signing. Several types of activities are eligible as offsets:

- a) manufacture in Australia of parts of the equipment being purchased, provided the manufacture involves comparable technology;
- b) manufacture in Australia of technologically-comparable, related equipment for sale to other customers of the overseas supplier;
- c) collaborative proposals at a technologically-acceptable level in which the prime contractor

arranges for Australian industry to participate through concept, design, development, and production stages;

- d) purchases by or on behalf of the overseas supplier of Australian products of defence or technological significance;
- e) transfer to manufacturing industry of technology over and above that inherent in the contract for the supplies; and
- f) research programs which will benefit manufacturing industry by creating new technology, new capabilities and increased capacity.

The government prefers, but does not require, that offsets be directly related to the procurement. If there is no practical way for 30% of the work to be carried out in related offsets, then the use of unrelated counterpurchases may be considered. Where the supplier offsets or counterpurchases more than 30% of the contract value, credits will be awarded on future contracts. As well, successful completion of countertrade requirements is a factor that will be considered in awarding future work.

Offsets policy and administration were originally the responsibility of the Department of Industry and Commerce. In 1982, a new Department of Defence Support was established with responsibility for "defence purchasing, operation of government defence factories and naval dockyards, and development of Australian industry as well as offset policy and administration". This unit was abolished in December 1984. At that time the responsibility for administration of offsets for defence purposes was reintegrated into Defence and the responsibility for the offsets policy and administration of non-defence offsets was transferred to the new Department of Industry, Technology and Commerce.

A recent review of Australian offset requirements by an independent committee produced the Inglis Report of 1984 which supports the continued use of the program, although advocating a minimum contract level of \$5 million (AUS) and imported component of \$2.5 million (AUS). At this time, the government is in the process of developing a response to the report.

While Australia has been reasonable in its application of its offsets policy, various factors such as the depressed state of the Australian manufacturing sector and the large number of as yet unfulfilled offset obligations may result in the more stringent application of the rules.

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Australian trade laws reflect the nation's free-market stance. Few import licenses are required although there are some restrictions based on reasons of health, quality standards, security or industry assistance. The *Customs Tariff Act* of 1975 provides for anti-dumping duties on imports that cause, have caused, or threaten to cause, material injury to indigenous industries. There are no controls on payments for imports.

Export licenses are only required for specific goods (fuels and petroleum products, endangered animals, etc.). Export proceeds must be repatriated within six months, unless otherwise authorized.

BANGLADESH

Bangladesh has engaged in countertrade through a number of Western trading companies and it has also had extensive experience in trade with East European bloc nations. The government hopes to expand countertrade transactions in an attempt to increase and diversify the nation's exports. At present, jute accounts for 90% of Bangladesh's foreign exchange earnings.

A special relationship exists between the state-owned