

Linkage. Linkage is the approval by the traditional buyer to credit counter-trand purchased from other entities under the same or different ministries in the traditional buyer's country towards the fulfillment of the traditional seller's CT obligation.

Offset. This is a type of CT transaction in which the traditional (generally public) buyer attempts to secure as favourable a benefit package as is negotiable with the traditional seller by using the leverage of competing traditional sellers and a large (generally, defense-related) contract. These benefits can include industrial spinoffs, technology transfer, and guaranteed purchase commitments by the traditional seller.

Political (P.) Risks. Political risks include: (1) cancellation of an export licence not due to the fault of the exporter, (2) cancellation of previously valid import authority or other restrictions held by foreign government making imports impossible, (3) diversion of shipment caused by political events, (4) outbreak of war, hostilities, civil commotion, or other such occurrence, which prevents payment by the buyer, (5) currency unconvertibility and transfer delay, and (6) requisition, expropriation or other government intervention which prevents payment [Dhawan and Kryzanowski (1978), p. 106].

Pre-compensation (or Anticipatory or Linkage). This is a type of CT transaction in which the delivery of goods and services by the traditional buyer precedes the delivery of the goods and services supplied by the traditional seller. The purchases from the traditional seller are paid for immediately and the proceeds therefrom are entered into an "evidence" account in the name of the traditional seller. The traditional seller subsequently obtains orders from the traditional buyer to use up all or part of the dollar amount in the evidence account.

Proactive use of CT. This refers to those export transactions (potential or actual) where CT has been offered by the traditional seller to the traditional buyer in order to gain a "competitive edge" in procuring an export contract.

Reactive use of CT. This refers to those export transactions (potential or actual) where the use of CT is mandated or stipulated by the traditional buyer, or its government.

Swap (or Cooperative Barter). This is a type of CT transaction in which bulk products from diverse locations are exchanged between two or more parties due to logistical economy or differential quality preferences.

Switches. This is a type of CT transaction in which bilateral clearing imbalances are transferred to a third nation or individual party for their use.

Traditional buyer. This is the party to the CT export transaction which would have traditionally received goods and services in exchange for cash payment.

Traditional seller. This is the party to the CT export transaction, which would traditionally have been the supplier of the goods and services exchanged for cash payment, had the export transaction been a traditional goods-and-services-for-cash transaction.