# APPENDIX II
## COUNTRY COUNTERTRADE PROFILES

### ALBANIA

Albania has experienced a slow rate of economic development due in part to its limited and closely-controlled contacts with foreign businessmen and its constitutional prohibition of official credit financing. It relies on countertrade to generate balanced or surplus hard currency accounts.

On major capital projects, it is usual for counterpurchase to be required during construction, with a buy-back deal becoming effective after start-up of the plant. This compounding of demands may put the aggregate countertrade ratio at over 100%.

With the exception of chrome ore and certain minerals and raw materials, there is a very limited potential for countertrade goods. Agricultural items are generally not acceptable as exchange for industrial investments and better quality goods are generally sold on long-term contracts. New products may become available as Albania attempts to widen its trading patterns from a few partners to a broader representation.

Since all Albanian foreign trade organizations report to the Ministry of Foreign Trade, co-ordination of countertrade arrangements can technically be made cross-sector. However, at the present time, it appears that the only commodity available to a foreign supplier in any quantity is low grade chromium ore.

### ALGERIA

Algeria's centralized economy requires that all foreign trade conform to the nation's five-year economic plans. Petroleum and petroleum derivatives account for 95% of Algeria's export earnings and, as the market for petroleum has softened, the government has attempted to shore up its exports through an unofficial linkage to imports.

Although there is no formal countertrade policy, foreign suppliers are being strongly encouraged to accept petroleum at OPEC prices, or other Algerian exports, as partial payment. Some tender documents now include a clause to the effect that countertrade is a major element in the consideration of a bid while some state enterprises actually specify counter-purchase of crude in their tenders. In some cases, prospective suppliers have been advised to contract for the purchase of crude oil in order for their goods to be considered.

Since Algeria believes its trade should balance with its partners over the long term, it has tended to favour suppliers from nations that purchase gas and oil from it. As a result, France and Italy have been particularly successful, probably due to large-scale contracts for natural gas. The National Foreign Trade Centre (CNCE), which is under the aegis of the Ministry of Commerce and is responsible for the promotion of export trade, is particularly prompt in advising would-be suppliers of Algeria's interest in balanced trade.

Not all deals involve petroleum products: a French supplier of auto parts was required to take back Algerian engineering products which were made under licenses granted by European companies. The Ministry of Commerce has a lengthy list of goods available to foreign suppliers for purchase. Algeria produces a fairly wide variety of items, including consumer durables, chemicals and industrial items.

**Trade and Foreign Exchange Controls**

All imports are handled by state-owned enterprises in accordance with an annual import program. Imports are authorized in five different categories:

(1) authorizations issued to enterprises holding monopoly rights;
(2) authorizations for enterprises who wish to import goods for their own production activities;
(3) authorizations for imports related to specific investment programs;
(4) authorization for imports not involving official foreign exchange or local currency;
(5) authorization for imports to be consumed in public works contracts.

The Ministry of Commerce issues all import and export licenses.

Some exports, including firearms and livestock, are prohibited. State monopolies with a right to export are the only entities which do not require licenses. Some exports may receive prior approval based on a linkage with an approved import while certain agricultural products, such as wheat, barley and oats, are favoured for export. All exports must be transacted through an authorized bank. All export proceeds must be surrendered within 60 days, unless the Ministry of Finance or the Central Bank grants a waiver.

### ARGENTINA

In the past, Argentina has followed a free-market economic policy and countertrade transactions have been relatively rare. However, all legislation regarding foreign trade is presently under review and it is expected that recommendations will include the promotion of countertrade as an export tool.

Like a number of other South American nations, Argentina finds itself in a precarious financial situation. In 1983, the rate of inflation was more than 400% and foreign debt amounts to approximately $45 billion (US). The country, under IMF management, has instituted a series of austerity measures.

Although countertrade in private sector transactions is illegal under current foreign exchange regulations, it does exist in some forms in Argentina. Under law No. 21932 (1979), local manufacturers of motor vehicles were limited on the amount of imported parts they could use unless they exported the parts or automobiles, in which case the amount of imported components could be increased to reach the same level as exported ones.

Argentina has also engaged in countertrade with Eastern European countries since 1969 on a government-to-government basis. Most COMECON countries have a large trade deficit with Argentina. The government has entered into agreements with Soviet and Czechoslovakian firms for various services and supplies; Poland and Cuba will be supplying cargo ships. There has also been a deal exchanging grain for Iraqi oil and at least one agreement with China, although it is not clear what goods and services were being traded.

In 1984, Argentina and Mexico entered into a clearing agreement which works on a product-category by product-category basis. Participation by private firms is voluntary and, at the moment, approximately 50 companies in each country are involved.

Although there is some enthusiasm about countertrade in government circles, the tight money policies of the Central Bank will certainly affect any trade-derived foreign currency. A further concern is that the implementation of any countertrade legislation will be very difficult, particularly in assigning a value to the traded products.