



The Legal Aspects of International Countertrade

With Reference to the Australian Legal System

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Abstract

Countertrade practices have gained increasing attention since the early 1980s because many countries have required their trading partners to undertake some countertrade commitments. Many exporting companies have lost deals due to their reluctance to respond positively to countertrade demands. One of the reasons underlying such unwillingness has been the lack of knowledge about countertrade mechanisms and their potential advantages and disadvantages. Australian exporting companies have recently started to pay more attention to countertrade as a way of doing business, particularly in Asia where demands for countertrade are growing. Increasing knowledge regarding countertrade will assist more Australian companies to become involved in countertrade practices.

The purpose of this study is, broadly speaking, to provide a basis for understanding countertrade practices. In particular, however, it aims to provide assistance to trading parties to identify the problems associated with various forms of countertrade and to give them guidance in drafting countertrade contracts in the light of Australian law. This work also aims to delineate the different forms of countertrade, investigate their legal implications and examine how countertrade is viewed in international economic forums such as the World Trade Organisation (WTO), the International Monetary Funds (IMF) and the Organisation for Economic Co-operation and Development (OECD), as well as attempting to assess its place in international economic agreements such as the General Agreement on Tariffs and Trade (GATT). It aims to be of use to people wishing to engage in some form or other of countertrade and to assist them to avoid the legal pitfalls which can occur in cases of insufficient knowledge of the legal requirements which accompany the different forms of countertrade.