

COUNTERTRADE EXPERIENCES OF TURKISH FIRMS IN USSR MARKETS

Yeşim Toduk Akış, Boğaziçi University

Abstract

Countertrade has emerged as one of the most interesting and important topics of international trade during the last decade. Estimates of global countertrade transactions as a percentage of world trade, range from one percent to 30 percent (Cohen and Truell 1982). Although accurate statistics are hard to obtain, the consensus of expert opinion puts the percentage of world trade financed through countertrade transactions at between 20-25 percent (Okoroafo, 1988).

Although Soviet trade which has been mainly in the form of countertrade is extensively discussed in literature, publications in the past were mostly concerned with trade among CMEA countries, trade with the West (particularly U.S.), or trade with special agreement countries eg. Finland. There is a shortage of information about the USSR trade (which has been mainly countertrade) and business relations with the developing countries.

In 1984, Turkey signed a countertrade agreement with the USSR involving the purchase of natural gas, while the payment would be with exports of goods and construction services. The implementation of the deal became possible in 1989 and immediately USSR became the new target market for many Turkish firms.

This study is among the first investigating the countertrade practices with the former USSR. In this empirical study, a questionnaire was designed for administration to business people that were already involved with the USSR.

The sample was formed from the DEİK (Foreign Economic Relations Board) Soviet-Turkish Business Council members. 103 questionnaires were passed to DEİK members during the plane trip from İstanbul to Moscow. 63 business people representing different companies completed the questionnaire.

Findings will be reported in two sections; one related to the characteristics of the sample, and the other on the countertrading practices.

At the time of the study, December 15,1991, only 14% of the sampled Turkish firms had practiced countertrade before. For each company in the study, their satisfaction with the countertrading arrangements at the time of the central buying system and after the decentralization of the buying system from the central Moscow authority down to the Republic level is measured. Besides, opportunities and challenges faced in the former-USSR by the Turkish companies are identified.

References

- Cohen, R. and Truell, P. 1982. Wall Street Journal, 25 October, p.33.
- Okoroafo, S.C. 1988. "Determinants of LDC Mandated Countertrade". International Marketing Review. Winter; 16-24.