

IN THE MATTER OF
VIOBIN CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3204. Complaint, Dec. 17, 1986—Decision, Dec. 17, 1986

This consent order prohibits, among other things, a Monticello, Ill. manufacturer and seller of wheat germ oil products, as well as its Richmond, Va. parent company, from misrepresenting that their wheat germ oil products can help consumers improve endurance, stamina, vigor, or any aspect of athletic fitness, or that octacosanol, the active ingredient in its products, is in any way related to body reaction time, oxygen debt, or athletic performance. Additionally, respondents are required to run corrective advertising for a specified period of time.

Appearances

For the Commission: *Brinley H. Williams and Cheryl B. Anderson.*

For the respondents: *Lawrence Sharp, McGuire, Woods & Battle,*
Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Viobin Corporation, a corporation, hereinafter referred to as respondent, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Viobin Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Viobin Corporation, a wholly-owned subsidiary of A.H. Robins Company, Incorporated, has its offices and principal place of business at 226 Livingston Street, Monticello, Illinois.

PAR. 2. Respondent is now and has been engaged in the manufacture, offering for sale, and sale of nutritional supplements, including Viobin Wheat Germ Oil, Prometabs and Prometol, and other products for personal or household use by members of the general public.

PAR. 3. Respondent has caused to be prepared and placed for publication and has caused the dissemination of advertising and promotional material, including, but not limited to, the advertising and labeling referred to herein, to promote the sale of Viobin Wheat Germ Oil, Prometabs and Prometol. As advertised, Viobin Wheat Germ Oil,

Prometabs and Prometol are "foods" within the meaning of Section 12 of the Federal Trade Commission Act.

PAR. 4. Viobin Corporation operates in various States of the United States and in the District of Columbia. Respondent's manufacturing, offering for sale, sale, and distribution of nutritional supplements, including Viobin Wheat Germ Oil, Prometabs and Prometol, mentioned herein constitutes maintenance of a substantial course of trade in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. In the course and conduct of its business, respondent has disseminated and caused the dissemination of advertisements for nutritional supplements, including Viobin Wheat Germ Oil, Prometabs and Prometol, by various means in or affecting commerce, including national magazines, product labels, and point of sale brochures, distributed by the mail and across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said products.

PAR. 6. Typical statements in said advertisements, and promotional materials, disseminated as previously described, but not necessarily inclusive thereof, are found in advertisements and promotional materials attached hereto as Exhibits A through D. Specifically, the aforesaid advertisements contain the following statements:

- (a) Improve stamina and endurance with Viobin Wheat Germ Oil.
- (b) Free Booklet - summarizes strong evidence of the beneficial effect of Viobin Wheat Germ Oil with octacosanol on physical fitness.
- (c) More than 18 years of university research show positive evidence that Viobin Wheat Germ Oil can help athletes increase stamina and endurance plus help them overcome fatigue more quickly. These benefits are achieved separately and apart from the effects of physical training.
- (d) Studies indicate that octacosanol has a beneficial effect on oxygen intake, net oxygen debt and total body reaction time.
- (e) Prometol helps increase endurance, stamina and vigor.
- (f) Prometabs helps increase endurance, stamina and vigor.

PAR. 7. Through the use, *inter alia*, of the statements referred to in Paragraphs Six (a) through Six (f), and other representations contained in advertisements or promotional materials not specifically set forth herein, respondent has represented, and now represents, directly or by implication, that the use of Viobin Wheat Germ Oil, Prometabs and Prometol can help improve consumers' endurance, stamina, total body reaction time, ability to overcome fatigue, and overall athletic performance or overall physical fitness.

PAR. 8. The representations contained in Paragraph Seven are false, for the reason that the use of Viobin Wheat Germ Oil, Prometabs or Prometol will not improve consumers' endurance, stamina,

total body reaction time, ability to overcome fatigue and overall athletic performance or overall physical fitness.

PAR. 9. Through the use, *inter alia*, of the statements referred to in Paragraph Six (b) and Six (d), respondent has represented, and now represents, directly or by implication, that the octacosanol in Viobin Wheat Germ Oil, Prometabs and Prometol is effective in improving consumers' total body reaction time, oxygen uptake and net oxygen debt and thereby improves consumers' physical performance or physical fitness.

PAR. 10. The representations contained in Paragraph Nine are false, for the reason that the octacosanol in Viobin Wheat Germ Oil, Prometabs and Prometol does not improve consumers' total body reaction time, oxygen uptake, net oxygen debt or improve consumers' physical performance or physical fitness.

PAR. 11. In making the representations referred to in Paragraphs Seven and Nine, respondent has represented directly or by implication that at the time of making those representations it possessed and relied upon a reasonable basis for those representations.

PAR. 12. In truth and in fact at the time of making the representations referred to in Paragraphs Seven and Nine, respondent did not possess and rely upon a reasonable basis for those representations. Therefore, the representation referred to in Paragraph Eleven was and is false and misleading.

PAR. 13. The use by respondent of the aforesaid acts and practices, directly or by implication, and the placement in the hands of others of the means and instrumentalities by and through which others may have used the aforesaid statements, representations, acts, and practices, have had and now have the capacity and tendency to mislead consumers and to induce such persons to purchase Viobin Wheat Germ Oil, Prometabs and Prometol.


PAR. 14. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Sections 5 and 12 of the Federal Trade Commission Act.

Complaint

108 F.T.C.

EXHIBIT A

**Improve Stamina
& Endurance**
with **VIOBIN Wheat Germ Oil**



More than 18 years of university research show positive evidence that Viobin Wheat Germ Oil can help athletes increase stamina and endurance plus help them overcome fatigue more quickly. These benefits are achieved separately and apart from the effects of physical training.

Viobin Wheat Germ Oil is manufactured by an exclusive low-temperature process, preserving all the values that make wheat germ oil a valuable food supplement. One teaspoon of Viobin Wheat Germ Oil contains all the raw, unrefined wheat germ oil from 5 pounds of whole wheat... one of the world's richest natural sources of Vitamin E and octacosanol. Studies indicate that octacosanol has a beneficial effect on oxygen intake, net oxygen debt and total body reaction time.

Free Booklet — summarizes strong evidence of the beneficial effect of Viobin Wheat Germ Oil with octacosanol on physical fitness! Just send us your name and address, ask for "WGO Booklet," and we'll mail you free booklet right away.
No obligation.

VIOBIN
VIOPIN Corporation
Monticello, IL 61856
(217) 762-2561

Improve Stamina & Endurance with VIOBIN Wheat Germ Oil

More than 18 years of university research show positive evidence that Viobin Wheat Germ Oil can help athletes increase stamina and endurance plus help them overcome fatigue more quickly. These benefits are achieved separately and apart from the effects of physical training.



Viobin Wheat Germ Oil is manufactured by an exclusive low temperature process, preserving all the values that make wheat germ oil a valuable food supplement. One teaspoon of Viobin Wheat Germ Oil contains all the raw, unrefined wheat germ oil from 5 pounds of whole wheat — one of the world's richest natural sources of Vitamin E and octacosanol. Studies indicate that octacosanol has a beneficial effect on oxygen intake, net oxygen debt and total body reaction time.

Free Booklet — summarizes strong evidence of the beneficial effect of Viobin Wheat Germ Oil with octacosanol on physical fitness. Just send us your name and address, ask for "WGO Booklet," and we'll mail your free booklet right away. No obligation.

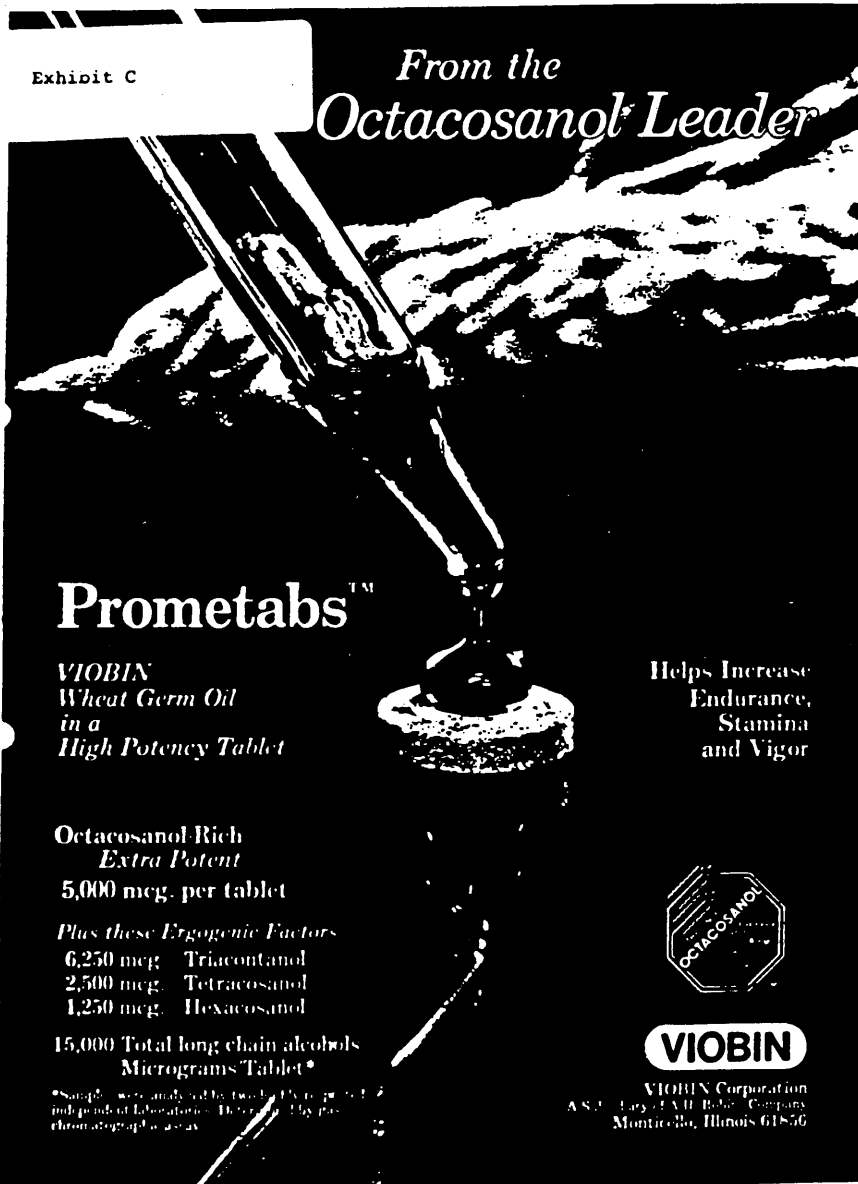
VIOBIN

VIOBIN Corporation
Monticello, Ill. 61856
(217) 762-2761

EXHIBIT C

Exhibit C

*From the
Octacosanol Leader*



Prometabs™

*VIOBIN
Wheat Germ Oil
in a
High Potency Tablet*

Helps Increase
Endurance,
Stamina
and Vigor


**Octacosanol Rich
Extra Potent
5,000 mcg. per tablet**

Plus these Ergogenic Factors

- 6,250 mcg. Triacontanol
- 2,500 mcg. Tetracosanol
- 1,250 mcg. Hexacosanol

**15,000 Total long chain alcohols
Micrograms Tablet***

*Samples were analyzed by two independent laboratories. Determined by gas chromatography assay.



VIOBIN

VIOBIN Corporation
A.S. J. Jay & H. Baker Company
Monticello, Illinois 61856

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EXHIBIT D

EXHIBIT D



PROMETOL[®]

The Gem

Helps Increase
Endurance,
Stamina and Vigor

Each 10 minim capsule provides:

- The octacosanol found in more than 5 teaspoonsful of VIOBIN Wheat Germ Oil or more than 24 pounds of whole wheat.
- 10% of the U.S. recommended daily allowance of vitamin E (natural, of course).
- A concentrate of other valuable nutrients found in VIOBIN Wheat Germ Oil.

2000 micrograms
per 10 minim capsule

Each Prometol 10 minim capsule contains 2000 micrograms of the amazing nutrient, octacosanol verified by multiple assays employing sophisticated techniques to elicit precise measurement.

Available at your local health food store.

VIOBIN Respected for years!



VIOBIN

VIOBIN Corporation
A Subsidiary of V.H. Baker Company
Monticello, Illinois 61866

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent and its parent corporation, A.H. Robins Company, Incorporated, having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its parent corporation, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent and its parent corporation of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent or its parent corporation that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Viobin Corporation (Viobin) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Viobin has its offices and principal place of business at 226 Livingston Street, Monticello, Illinois.

A.H. Robins Company, Incorporated, (A.H. Robins) is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia. A.H. Robins has its offices and principal place of business at 1407 Cummings Drive, Richmond, Virginia.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent and its parent corporation and the proceeding is in the public interest.

ORDER

I.

It is ordered, That respondent Viobin Corporation, a corporation, its parent corporation, A.H. Robins Company, Incorporated, and all the other subsidiaries of A.H. Robins Company, Incorporated, their successors and assigns (hereinafter collectively "the companies"), and the companies' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacture, advertising, labeling, packaging, offering for sale, sale, or distribution of Viobin Wheat Germ Oil, Prometabs, Prometol, or any other product of substantially similar composition or possessing substantially similar properties, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that the product can help consumers improve endurance, stamina, vigor, reaction time, or any aspect of athletic fitness or performance.

B. Representing, directly or by implication, that octacosanol is related in any way to body reaction time, oxygen uptake, oxygen debt, or athletic fitness or performance.

II.

It is further ordered, (1) That respondent Viobin Corporation, its successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacture, advertising, labeling, packaging, offering for sale, sale, or distribution of any product for personal or household use in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, and (2) That A.H. Robins Company, Incorporated, its successors and assigns, and their officers, agents, representatives, and employees directly or through any corporation, subsidiary, division or other device, in connection with the manufacture, advertising, labeling, packaging, offering for sale, sale, or distribution of any wheat germ oil product or any product advertised as containing octacosanol, triacontanol, tetracosanol, or hexacosanol, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting in any manner, directly or by implication, the purpose, content, sample, reliability, results or conclu-

sions of any scientific test, research or article, or any other scientific opinion or data.

III.

A. *It is further ordered*, That the companies and their officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacture, advertising, labeling, packaging, offering for sale, sale, or distribution of any product for personal or household use in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation, directly or by implication, concerning any benefit to be derived from using any such product with respect to athletic performance, capability or endurance unless, at the time of such representation, the companies possess and rely upon reliable and competent evidence that substantiates each such representation of the type and quantum appropriate for the representation.

B. For the purpose of Part III. A. to the extent evidence consists of scientific or professional tests, analyses, research, studies or any other evidence based on expertise of professionals in the relevant area, such evidence shall be "reliable and competent" only if those tests, analyses, research, studies, or other evidence are conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession or science to yield accurate and reliable results.

IV.

It is further ordered, That respondent Viobin Corporation, its successors and assigns, and their officers, agents, representatives and employees:

A. Clearly and prominently disclose the following statement in each advertisement for Viobin Wheat Germ Oil, Prometabs and Prometol appearing in any magazine, any newspaper, or on any radio or television broadcast within one year of the date of service of this order:

Our earlier studies of the effects of wheat germ oil and octacosanol on endurance, stamina and vigor, while following techniques accepted at the time, do not meet the criteria of modern testing and therefore we no longer claim that the use of wheat germ oil or octacosanol will improve endurance, stamina or vigor, or any aspect of athletic fitness or performance.

B. Shall within six (6) months of the date of service of this order

place in each of the print publications in which any advertisement for Viobin Wheat Germ Oil appeared during calendar year 1985 at least one advertisement, not less than 5" × 7-½" in size, that clearly and prominently discloses the statement set forth in Paragraph IV. A.

V.

It is further ordered, That, for three years after the last date of dissemination of the representation, the companies and their officers, agents, representatives and employees, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying copies:

1. Of all materials that were relied upon in disseminating any representation covered by this order.
2. Of all test reports, studies, surveys, or demonstrations in their possession or control or of which they have knowledge that contradict any representation made that is covered by this order.

VI.

It is further ordered, That respondent Viobin Corporation notify the Commission at least thirty (30) days prior to any proposed change in respondent or its parent corporation such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

VII.

It is further ordered, That the companies shall forthwith distribute a copy of this order to each of their operating divisions and to all distributors of Viobin Wheat Germ Oil, Prometabs, Prometol or any other products of substantially similar composition.

VIII.

It is further ordered, That respondent Viobin Corporation shall, within sixty (60) days after service of this order, file with the Commission a report, in writing, setting forth in detail the manner and form of compliance with this order.

IX.

It is furthered ordered, That no provision of this order shall be interpreted as precluding respondent from making statements or disclosures on its labels or labeling where those statements or disclosures are required by regulations promulgated by the Food and Drug Administration (FDA) or with statutes the FDA enforces.

Proposed barter program with foreign countries for phosphate rock would avoid respondent's involvement in other than export trade and falls under the protection of the Webb-Pomerene Act. [Phosphate Rock Export Association, P86 9613]

Dear Mr. Fogt:

December 3, 1986

This letter responds to your request on behalf of the Phosphate Rock Export Association ("Phosrock") for an advisory opinion concerning a proposed barter program. That request poses a novel question of law, for which there is no clear Commission or court precedent, and thus under Section 1.1 of the Commission's Rules of Practice an advisory opinion is appropriate. Your first letter, dated April 8, 1986, proposed Phosrock involvement in a kind of activity not authorized by the Commission in its 1983 advisory opinion. [102 F.T.C. 1844] The Commission feels now, as it did then, that Phosrock's sale in the United States of the bartered-for products would not be solely export trade or in the course of export trade. As modified by your July 10, 1986 letter, however, Phosrock's proposed use of a broker to liquidate received products appears to avoid Phosrock's involvement in other than export trade and therefore falls under the protection of the Webb-Pomerene Act (the "Act"), 15 U.S.C. 65.

Based on the information provided, the Commission understands that Phosrock is an association formed pursuant to Section 5 of the Act. Membership is open to any person, firm or corporation mining phosphate rock in the United States. Phosrock makes no sales for United States domestic consumption, and does not have anything to do with determining the price of phosphate rock or any other product sold for United States domestic consumption.

Phosrock proposed in its July 10, 1986 letter to negotiate sales of phosphate rock on behalf of the Association to India and the Philippines. Phosrock anticipates that both India and the Philippines will not permit 100 percent cash payment, but will require Phosrock to accept as payment or partial payment some products of those countries. Phosrock proposes to accept shrimp. If the purchasing country requires Phosrock to accept Indian or Philippine products rather than cash in exchange, Phosrock will negotiate the exchange ratio of phosphate rock for shrimp. If a member requests that it receive its proportional share of the shrimp, Phosrock will arrange for it to receive bartered-for products in proportion to that member's contribution to the total amount of phosphate rock exported. Phosrock itself will neither consume nor resell the shrimp. If members elect not to receive their proportionate share of shrimp, Phosrock will turn the shrimp over to a shrimp broker for resale. Phosrock will distribute the cash proceeds of that sale to its members in proportion to their contribution to the amount of phosphate rock exported.

While Phosrock's current proposal contemplates Phosrock involvement in activities different from those the Commission approved in 1983, the Commission believes that, as long as Phosrock uses a broker to liquidate received products in this or any future barter programs it would be engaged solely in export trade as that term is defined in Section 1 of the Act, 15 U.S.C. 61, and its acts would constitute acts done in the course of export trade as that phrase is used in Section 2 of the Act, 15 U.S.C. 62.

The Commission has not examined the United States markets for phosphate rock and shrimp, to determine whether the proposed barter program will restrain trade in phosphate rock or shrimp in the United States, restrain the export trade of any of Phosrock's domestic competitors, artificially enhance or depress prices in the United States, substantially lessen competition, or otherwise restrain trade in the United States. Phosrock should take care to assure that its barter activities will not have any of the domestic effects prohibited by the Act.

This advisory opinion, like all those the Commission issues, approves only the conduct described in this letter, and that only so long as the barter program does not have any of the domestic effects prohibited by the statute. Phosrock would risk losing its Webb-Pomerene Association status, or an enforcement action, if it enlarged its participation in the proposed barter program beyond that described above. The Commission reserves the right to reconsider the legal and factual issues involved in this request, and to rescind or revoke its opinion in accordance with Section 1.3(b) of its Rules of Practice if implementation of the proposed barter program results in substantial anticompetitive effects, if Phosrock engages in activities not herein approved, or if the public interest otherwise requires.

By direction of the Commission.

Letter of Request

April 8, 1986

Dear Ms. Rock:

On behalf of the Phosphate Rock Export Association ("Phosrock" or the "Association") and its members, we are submitting this request for an advisory opinion from the Federal Trade Commission regarding a proposed barter program. The Federal Trade Commission previously approved Phosrock's request to barter phosphate rock for sulfur with the Governments of Mexico and Poland in an August 1, 1983 advisory opinion attached hereto as Exhibit A.* Phosrock's current request seeks an advisory opinion with respect to a contemplated

* Not reproduced herein. See 102 F.T.C. 1844.

barter program for various additional products with a variety of different countries. This proposed program is set forth in greater detail below along with a discussion of the pertinent background facts and our view of the program's legality under the antitrust laws.

Phosrock was formed in 1970 pursuant to Section 5 of the Webb-Pomerene Act.¹ Its Articles of Incorporation, By-Laws, form of Membership Agreement and current Annual Report are on file at the Federal Trade Commission.² The Association engages in all aspects of export sales activity in phosphate rock as a non-exclusive export channel for its members sales. Its responsibilities include market research and analysis, technical assistance, solicitation, negotiation and conclusion of export sales contracts, traffic coordination, invoicing, order processing and collection and distribution of the proceeds of sale. Phosrock is headquartered in Tampa, Florida, and has an office in Paris, France.

Phosrock is engaged solely in "export trade." The Association makes no sales for United States domestic use or consumption; it has nothing to do with determining the price of phosphate rock sold for consumption or use in the United States. Not only does Phosrock not control the amount of phosphate rock available either for sale in the United States or for export, it does not control the amount of rock its members will export. Under the Association's Membership Agreement, each member, acting individually, determines the amount of disposable phosphate rock it will make available for sale each year through the Association. A member's share of Association sales is determined as a function of its relative participation in past Association sales and as the proportion its nominated tonnage bears to the disposable phosphate rock nominated for sale by all members through the Association. Each member, in addition, retains the unfettered right to sell phosphate rock on terms and conditions which it determines individually, to any domestic person for whatever purpose, including exportation.³ Phosrock has no involvement in export sales by a member company to any affiliated company abroad.⁴

The phosphate rock exported by Phosrock is a mined raw material used in various phosphorous derivative industries, particularly in the manufacture of complex phosphatic fertilizers.⁵ Apart from the phosphate rock miners operating in the United States, virtually all other phosphate rock miners in the world are government-owned or con-

¹ 15 U.S.C. 65.

² The members of Phosrock are: Agrico Chemical Company, AMAX Chemical Corporation, Freeport Phosphate Rock Company, Gardinier, Inc., International Minerals & Chemical Corporation, Mobil Mining and Minerals Company, Occidental Chemical Company and W.R. Grace & Co. Membership in Phosrock is open to any person, firm or corporation engaged in the United States mining of phosphate rock.

³ In addition, subject to availability and mutual agreement on terms and conditions, Phosrock will sell and has sold phosphate rock to domestic persons for exportation.

⁴ The term "affiliated company" is defined in Phosrock's Membership Agreement to be a corporation in which a member has a 20% ownership interest.

⁵ See generally *Fertilizer Technology and Use* (2d Ed. 1972).

trolled. For example, the Office Cherifien des Phosphates (OCP) of Morocco holds the largest known deposits of minable phosphate rock in the world and derives a substantial portion from the export sale of phosphate rock. Other countries in which phosphate rock miners are government-controlled include Algeria, Egypt, Senegal, Tunisia, Jordan, Syria, China, Viet Nam, Ocean Islands, U.S.S.R., Brazil and Mexico.

Phosrock's efforts to promote American international trade in competition with foreign governmental units have been severely undercut by the worldwide recession in the fertilizer industry. Despite accelerating costs, real phosphate rock prices in the export market have declined to levels at or below producers costs. The industry is currently operating at substantially below capacity; employment has declined from 10,000 in 1981 to 5,500 in 1985.⁶ Because of these conditions, the Association has closed offices which it previously operated in Tokyo, Japan and Sao Paulo, Brazil.

In such a depressed market, Phosrock's problems have been compounded by the inability of many of its customers—usually foreign governments—to pay hard currency for phosphate rock. This has been true in the East Bloc countries like Poland as well as in developing countries such as Mexico and Brazil which are experiencing significant financial difficulties. The continuing sharp drop in oil prices is exacerbating this problem, particularly for countries like Mexico.

In order to combat these market conditions, Phosrock sought and obtained an advisory opinion from the Federal Trade Commission, dated August 1, 1983, which permits Phosrock annually to exchange phosphate rock for up to 400,000 M/T of sulfur with the Governments of Mexico and Poland.

Since 1983, the opportunities for countertrade have continued not only with Poland and Mexico but also have arisen in dealings with other potential customers. Brazil provides a useful illustration. When Phosrock was formed, Brazil was one of the larger markets for Florida phosphate rock, importing nearly a million metric tons per year (M/T/Y) from the Association and its members. Thereafter, the Brazilian Government determined to develop its indigenous phosphate resources and to aid that development by reducing and then virtually eliminating phosphate rock imports. After this government decision, imports fell from 1.6 million M/T in 1977 to 185,000 M/T in 1982 and to approximately 9,000 M/T in 1984. Despite the restrictions imposed on the Brazilian market to imported phosphate rock, the Brazilian government has made it known that purchase of Brazilian goods, like shrimp, by potential phosphate rock suppliers may aid in securing necessary import licenses to permit the sale of limited amounts of

⁶ See U.S. Department of the Interior, Phosphate Rock in 1985 attached hereto as Exhibit B. [Not reproduced herein.]

