

ASCENT

Anticrisis Settlement & Commodity Centre

How the ASCENT System Works

The ASCENT System:

- *Enables producers to substitute falling cash sales with the direct exchange of unsold goods for raw materials and a minimum amount of cash needed to service their debts and pay salaries*
- *Provides its clients with a settlement mechanism that offsets their liabilities by the value of unsold goods, thereby helping them avoid bankruptcy*
- *Gives buyers with disposable cash the opportunity to purchase goods and services below their market price – nearly at a price they would pay if they were purchasing at a liquidation auction*

The easiest way to understand how ASCENT works is to view it as an automated global system of countertrade for companies and corporations. By using ASCENT, suppliers of goods that remain unsold because of the liquidity deficit and falling demand, can exchange their finished products for raw materials and a smaller amount of cash needed to cover interest expenses and labour costs. This enables those companies to avoid defaults on their debt, reduce inventory costs caused by overstock and maintain production. In short, it means they can stay afloat. This is an immense benefit in the current period of acute money shortages, when severe restrictions on the availability of credit threaten to stifle global trade.

As with traditional forms of barter, goods of equivalent value are exchanged by the participants without money changing hands. In contrast to traditional bilateral barter, there is no need for a 'perfect counterparty' seeking the very goods a company can offer in exchange for the goods it needs. The ASCENT's sophisticated software analyses supply and demand bids by all its participants from all over the world and creates multiparty 'chains' of potential transactions in almost real time. In order to avoid excessively long chains, the system limits each series of potential transactions to five links.

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These chains are based on the information supplied by participants when they register with ASCENT, specifying the goods or services they want to trade and what they would like to receive in return. In some markets each submission requires the payment of a 2% guarantee deposit to ensure availability and quality of goods offered. The system presents ASCENT participants with their trading options, but it is up to them which, if any, of the potential chains they choose to follow. Transactions take place directly between participants, without intermediaries.

ASCENT is complementary to established forms of money-based international trade, and does not set itself up in competition to them. Although essentially a system of countertrade, ASCENT is still underpinned by money, because each chain of transactions is terminated by a money payment made by the final participant in the chain. As the diagram with this document shows, the payment is made to the first organisation in the chain for whatever goods and services were passed to its trading partner (the second link in the chain).

As well as providing a means of trading goods and services, the system also works with liabilities backed by the value of unsold inventories. This benefits all parties: lenders are able to receive payments in cash instead of claiming recovery against debtors' property; debtors avoid bankruptcy; and buyers with cash can purchase goods at bargain prices.