

9. Opinions among the export community appears divided as to what position the Government of Canada should embrace vis à vis countertrade. On the one hand, those who believe that countertrade is a dead-end argue that the Government should try to enforce a policy of discouragement and non-involvement. We would suggest that in view of the foreseeable expansion of countertrade as a means of doing business in international trade, a too rigorous pursuit of such a policy could significantly undermine our competitive position by depriving Canadian exporters of the ability to respond successfully to countertrade demands. On the other hand, those who believe that countertrade is the way of the future argue that the Government should adopt an open policy towards countertrade and its practitioners. We believe that the government in discussion with other governments bilaterally or multilaterally should not take a position which would encourage other governments to believe that Canada favours extension of countertrade; to do otherwise could have the effect of submitting Canadian exporters to increased pressure from importing countries to accept countertrade arrangements or to expose them to higher countertrade ratios. We do not believe that countertrade practitioners need any encouragement. As well, we would agree with the Canadian Government's intention to continue its participation in working towards a multilateral agreement on countertrade (a code of conduct) that would have the benefit of limiting some of most negative effects of countertrade. We would like to caution though that such an attempt to regulate an activity largely dominated by the private sector may prove difficult, or succeed at the price of a too costly and undesirable enforcement process directed against exporting firms. We would also suggest that the degree with which Canada supports the proposal for a code of conduct would have to take into consideration the sensitivities of some of our trade partners involved in countertrade; too high a profile for Canada in the negotiation process may prejudice our export opportunities in those countries.
  
10. We would urge the government to squarely address the problem countertrade creates from a marketing point of view. Canadian exporters are at a