

Involvement with CAs most often requires that the exporters have the capacity to:

- * Withstand negative cash flows.
- * Engage in trade arrangements involving higher risk elements than those they have been accustomed to in the past.
- * Afford protracted negotiation spells.
- * Meet the approval criteria of both the exporters' financial institutions as well as those of the importers' government agencies.

Consequently some firms are better equipped to engage in CAs than others because of their market positions, size, product diversification or the products' priority for importers.

Involvement with CAs is viewed by these exporters as an evil necessary mostly for incremental business and/or for protection of established market shares. At the same time, exporters realize that extended compensatory obligations spanning several years pose uncharted risks for them, given: the uncertainties in world markets; the potential for regulatory changes implemented by his customer's government which could impact negatively on the exporter's ability to comply with his contracted commitments; and the exporter's liability for performance on the assumed compensatory obligation (remember that such liability is corporate, not restricted to contracting product division).