

foreseeable future, Canadian exports of high technology products and capital projects would certainly face countertrade demands of significant magnitude". In assessing the existing Canadian capacity in countertrade, the CCC observed that "countertrade demands made to Canadian firms have been few and have been negotiated with minimal countertrade requirements. As a result Canadian firms have not developed the capability in terms of the capital and manpower resources to engage in countertrade transactions".

6. The interjection of a trading house as a third party intermediary can substantially facilitate the successful completion of an export deal conditional on a countertrade requirement and indeed trading houses have come to play a significant role in countertrade. The key advantage of a trading house involvement is that it is able to take over from the exporter the responsibility for the purchase requirement. Trading houses with an expertise in countertrade are mainly located in Europe (Austria, Belgium, Switzerland, France, Italy, West Germany and England). In the U.S. there are some major well established trading companies with capabilities in countertrade. As well, as mentioned earlier, new trading corporations specialised in countertrade are growing in the U.S., established as corporate subsidiaries of large exporters to handle their countertrade obligations, but also offering their services to other exporters. The recent passage in the U.S. of the Export Trading Company Act is expected to result in more countertrade activities being undertaken on behalf of U.S. exporters. In Canada, there appear to be few trading houses that involve themselves on a continuing basis in countertrade transactions, mainly due to a lack of demand for such services on the part of Canadian exporters, but also because of their limited capability to handle countertrade transactions. Since Canadian firms, especially equipment manufacturers, are likely to be more subjected to countertrade demands, it may be desirable to develop a greater degree of expertise in countertrade in Canada. Trading houses should be encouraged to extend their knowledge to assist Canadian exporters in meeting these demands.