(2) The LDCs continued need for economic growth which is dependent on sustained import levels and on export expansion;

(3) The limited or uneven prospects for economic recovery for many LDCs; and

(4) The accommodating attitutes of western exporters competing for shrinking export market shares.

For western exporters, such prospects raise justified concerns about incremental costs of doing business and about assumalbe risk. They have already resulted in a filtering in the number and type of western companies that can afford to be active in LDC markets. They will most likely also result in selective involvement by these firms in only a handful of the more prosperous and stable markets in the third world.

Implications for Exporters - What are then the implications for western private sector firms which will allow them to cope with the situation at hand and turn imposition into opportunity?

First, we must recognize that CAs are not appropriate for all exporters or for all transactions. Such arrangements may involve substantial homework and allocation of company resources, as the transactions may require problem-solving rather than formula approaches, as well as an appreciation of the contracting parties' individual needs and limitations.

Even when they are willing to assume compensatory obligations, many exporters reject the role of trading in unfamiliar products because it detracts resources from their firms' normal business operations.