

## V. CONCLUSIONS

The issues surrounding the types of institutional arrangements which could be established to promote Canadian trade are being addressed by the Parliamentary Committee on a National Trading Corporation.

The primary purpose of this report has been to examine the extent of actual and anticipated countertrade practices and demands, and to evaluate Canada's capability in dealing with countertrade. In this spirit, the report's conclusions are:

1. The volume of countertrade demands in Eastern-Bloc countries and China is likely to increase due primarily to a continuing scarcity of hard currency and ever increasing international competition.
2. From a Canadian point of view, while an increased demand for countertrade would impinge on Canada's manufacturing and capital project export potential, Canada's trade balance will not be as seriously affected as other, more highly industrialized countries. This is due to the preponderance of Canada's commodity exports which are not associated to the same degree with CT requests.
3. The Canadian requirement for assistance in countertrade transactions has been limited to date. Increased international competition may make it more difficult to avoid CT obligations in the future.
4. Since Canada has limited resources to deal with countertrade, its capacity to deal with it may be prejudiced - particularly in the capital project and equipment manufacturing sectors.
5. CT demands are likely to grow, but the Government is not a suitable vehicle to participate directly in countertrade transactions.
6. A number of Western countries have encouraged the establishment of private-sector, nonprofit organizations to deal with countertrade matters in some cases supported by public funds. The various institutional approaches include:
  - a. government sponsorship of an information centre on CT, as in the United Kingdom;
  - b. creation of a private, nonprofit association specializing in coordination of the activities of private-sector exporters with established trading houses, as in France;
  - c. creation of a private, nonprofit association with the power to transact countertrade business and which, in addition, offers advisory service, as in Austria, Sweden, and Finland.
7. Canada's capability to handle CT transactions would be greatly improved if a private-sector, nonprofit organization were established to advise member firms in negotiating CT demands, and in selecting appropriate Canadian or offshore trading houses, or other institutions, to assist in closing a deal.