a means to redress faltering exports and a vehicle for development in essential economic sectors.

Because of financial considerations, LDC governments are today playing major roles in controlling their countries' trade flows. In many LDCs the public sector is either the largest participant in economic activity and the largest importer, or it controls the type and volume of imports through allocations of convertible currency and import licenses.

In future years, these nations are expected to tie practically all of their government-abetted or approved procurements to conditions for CAs, in order to reduce expenditures of foreign exchange and to benefit from technology or other beneficial transfers to their economies.

Indeed, the long-term supply commitments even now being undertaken by western exporters as a result of compensatory obligations in LDCs, are contributing to the international division of labor and to incremental shifts of production capacity to selected developing countries.

Expectations for continued proliferation of CAs in international commerce are, therefore, based on:

(1) the inertia implicit in the compensatory provisions being currently adopted by governments in LDCs and in some developed countries (today more than 90 countries are active in CAs, up from only 15 in 1972);