

## COUNTERTRADE - A CANADIAN PERSPECTIVE

### EXECUTIVE SUMMARY

#### BACKGROUND

Countertrade (CT) has become a way of doing business with many countries of the world, particularly with the Soviet Union and Eastern Europe, the People's Republic of China and an increasing number of developing countries.

Given this trend, Canadian exporters may possibly be faced with an increasing number of proposals to become involved in countertrade contracts.

To determine the impact of these developments on Canadian exporters, the Canadian Commercial Corporation and the Department of Industry, Trade and Commerce agreed in January 1980 to collaborate on a study of countertrade (CT).

#### STUDY OBJECTIVE

The objective of this study is fivefold:

1. to review the growth of CT and determine the extent to which it is expected to play a role in Canadian trade in the future
2. to develop an up-to-date understanding of the extent to which Canadian exporters encounter countertrade demands
  - the types of countertrade proposals presented to them will be reviewed
3. to evaluate existing capability in the private sector to respond to countertrade demands
  - this will include both manufacturers as well as Canadian trading houses
4. to determine the extent to which any gaps in Canadian capabilities to respond to countertrade demands have prevented firms from successfully exporting or could deter them from doing so in future
5. to propose means to improve Canada's ability to deal with CT

Note: A second study, entitled Countertrade - A World Perspective, is available on request. It summarizes:

1. the problems and practices of exporters in other countries participating in countertrade proposals
2. the various ways in which a number of Western countries have improved their capability to discharge countertrade obligations.