(1) The limited ability of world markets to absorb most goods offered in countertrade;

(2) The growing protectionistic attitudes in the west affecting many LDC finished goods; and

(3) The lingering credit constraints affecting merchandise trade with debtor nations.

Current market imperatives are increasingly compelling exporters to include CA options among their marketing strategies. At present, pressures for CAs in the LDCs vastly exceed actual transactions, although the number of completed transactions is increasing. This undoubtely relects the distaste for CAs by many western exporters, as well as the already-mentioned lack of sophistication and flexibility with which LDC bureaucracies handle CA applications.

Notwithstanding their shortfalls, compensatory requirements are now spreading from LDCs to some industrialized countries which, in the past, limited such requirements to their governments' military procurements. Requests for countertrade proposals tied to civil government procurements are today becoming commonplace in countries like Portugal, New Zealand, Israel, Turkey, Cyprus, Malta, and Greece.

Compensatory practices are also becoming an accepted option in the planning process of both western firms and LDC governments. For western exporters CAs may represent a means to circumvent their LDC clients' payment and credit restrictions or a competitive edge against other exporters; for LDCs, adoption of compensatory practices represent