

Canadian Export Association

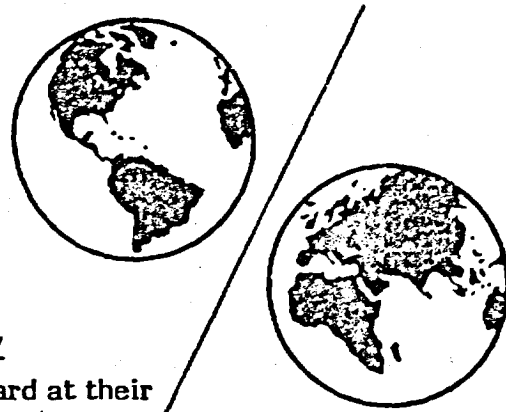
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Countertrade - The CEA's Point of View

Presentation to the Export Trade Development Board at their
Meeting of December 1st, 1982.

1. The CEA is pleased to respond to the Export Trade Development Board's invitation to address the question of countertrade and provide some suggestions which may assist the Board in considering an appropriate position to recommend to the Government to take vis à vis the countertrade phenomenon. The Board's consideration of the subject is timely as countertrade seems to be growing. Traditionally, countertrade has been perceived by exporters as an undesirable feature of the export business as it imposes an additional and cumbersome obligation which would not otherwise be undertaken; and this position on the part of exporters has been supported by the government's position on countertrade aimed at discouraging and reducing the practice. However, as countertrade by all accounts is developing into a more significant characteristic of international trade, taking roots in non-traditional markets and found under an increasing number of variations, a growing number of exporters in industrialised countries, and certainly in Canada, are coming to realise the spread of the problem it presents in terms of export development and the need to adopt a new approach to the phenomenon. We would suggest that this also calls for some adjustments in the government's position on countertrade.
2. Most of the facts about countertrade and its recent developments are known to the Board's members but it may be useful to recall some of the major considerations as well as the key points when considered from a Canadian perspective, starting first by a definitional note. "Countertrade" is usually understood as the general term applied to types of transactions in international trade where a potential purchase by an importer is made conditional on a reciprocal purchase by the exporter or a third party acting on his behalf. Such types of transactions include barter arrangements, countertrade deals, compensation trade and others, which are summarily