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Framework for Co-operation

5.1 Agreements and Arrangements between Canada and Thailand

A number of agreements currently provide the basic infrastructure for economic and commercial relations between Canada and Thailand.

A Modus Vivendi, in the form of an Exchange of Notes, was concluded in 1969, which makes provision for reciprocal most-favoured nation treatment in all matters respecting customs and import/export related charges, regulation and requirements.

A series of Memoranda of Understanding have been signed since 1978 regarding the export of certain textile products from Thailand for import to Canada. The successive arrangements, valid for periods of three to four years, have provided for the implementation of an export authorization system by the Government of Thailand and quantitative restrictions on textile products originating in and exported from Thailand. The current Bilateral Textile Arrangement covers the period January 1, 1987 to December 31, 1991.

The Agreement on Development Co-operation between Canada and Thailand, which came into force in January 1983, provides a framework for development co-operation between the two countries. Previously, Canada's efforts in Thailand were directed under the technical co-operation programs of the Colombo Plan.

At the same time, Canada and Thailand signed an agreement in the form of an Exchange of Notes for the promotion and protection of investments between the two countries. The main purpose of the agreement is to lessen the risk for the Government of Canada, through its insuring agency (the Export Development Corporation), of providing insurance covering loss of overseas investment by reason of inconvertibility, expropriation, nationalization or war, revolution and insurrection. The Agreement is designed to facilitate EDC's investment insurance program in Thailand and to increase Canadian investment interest.

The Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes or Income between Canada and Thailand was signed in April 1984 and came into effect in July 1985. The Convention serves to eliminate double taxation of individuals and companies of one state who do business or earn income in the other and is designed to encourage trade and investment between the two countries and to enhance the nature and scope of bilateral economic relations.

A new Air Services Agreement was reached by Canada and Thailand in October 1988. The agreement, which expands a bilateral accord negotiated in 1986, provides the two countries with greater opportunities to develop scheduled services across both the Pacific and Atlantic oceans.

In July 1988, Canada and Thailand ratified the Treaty on Co-operation in the Execution of Penal Sentences which was signed in 1983. The Treaty allows for the repatriation of prisoners to serve the balance of their sentences in their country of origin.

Finally, the Agreement on Economic Co-operation, signed in July 1988, is designed to promote greater economic, commercial, industrial and human resource development co-operation between Canada and Thailand. It provides a framework for specialized endeavours in priority sectors and for increased private sector and institutional links. The agreement also provides for the establishment of a bilateral Economic Commission to facilitate co-ordination and consultation between the two governments, as well as a Project Review Committee to exchange information at an early stage on significant public and private sector capital projects. Canada is Thailand's first trading partner with whom a broad economic co-operation agreement has been concluded. In effect, this agreement constitutes a prototype for both countries for similar agreements that might be signed with other developing countries, in the case of Canada, and other Summit Seven countries, in the case of Thailand.