CANADEXPORT
Vol.10, No. 15 September 15, 1992

External Affairs and International Trade Canada
Canada

NAFTA

Gets Green Light

By now, anyone who reads a newspaper, watches television, or listens to radio, knows that a **North American Free Trade Agreement (NAFTA)** has been agreed to — in principle.

In principle, means the agreement, which will have an effect on most Canadian businesses, still has to be ratified by the appropriate governments in each country (Canada, the United States, Mexico). Following ratification, it will come into force on January 1, 1994. Those are 'givens'.

What is less clear is: How does the agreement impact on Canada's exporters or would-be exporters?

In an attempt to answer this (and other questions of interest to exporters), ***CanadExport*** will run periodic articles on the subject.

At this initial stage, we can cite statistics showing that, among a multitude of trade-related matters:

- Canadian exports to Mexico were up by 100 per cent during the first five months of this year, compared to the same period in 1991;
- The trade deal should open up a total North American **auto parts** market of more than $12.8 billion by 1994;
- Two-way trade exceeded $3 billion in 1991 and will exceed $5 billion by the end of the decade; and
- Mexican tariffs and import licensing requirements will be eliminated — some immediately and others over five to 10 years —providing barrier-free access to 85 million consumers.

CanadExport's 'tentative' plans

Continued on page 2 —**NAFTA**

Funding of $14.7 Million

Joint Ventures, Investments Promoted in Malaysia

Joint venture investment opportunities in Malaysia now are being promoted by Enterprise Malaysia Canada (EMC), an organization set up by the federal government — through the Canadian International Development Agency (CIDA) which is providing funding of $14.7 million over five years.

The EMC is run on CIDA's behalf by an executing agency, the international business consulting firm of Coopers & Lybrand.

The booming economy of Malaysia, coupled with the strongly pro-development policies of its government, present significant opportunities for Canadian firms wishing to expand their business through overseas joint ventures.

The government's aim is for the country to be industrialized to the level of Western Europe and North America by the year 2020. (Some economic observers predict the goal could be reached by the year 2005.)

To achieve this goal, ambitious infrastructure initiatives are planned, involving highways, ports, airports, telecommunications, gas pipelines, hydro-electric schemes, water management, and housing projects.

The government also realizes it must acquire foreign technological expertise for its plans to succeed. A vigorous private sector (which includes a growing number of former government operations, recently privatized) also needs foreign technology and investment.

Michael Strong, the Vancouver-based Canadian Director of EMC, says investments in joint venture projects made today by Canadian companies promise extremely handsome results.

"For example," says Strong, "for the last four years American companies investing in Malaysia have earned an average return on investment of 26.5 per cent.

"That compares favourably with returns of 16.1 per cent for all 10 countries in the European Economic Community and 10.8 per cent for U.S. companies investing in Canada over the same period."

In addition to its strategic location in Southeast Asia — providing access to a potential market of more than 300 million people — Malaysia offers other advantages.

The government encourages foreign investment, offers attractive tax incentives, and repatriation of funds. Cost of land and labour are attractive. The country's institutions are similar to those in Canada and the language of commerce is English.

For more information, contact the following Enterprise Malaysia Canada offices:

Continued on page 2 — **Malaysia**

INSIDE