

Market Access Results in 2002

- Completed three full rounds of negotiations toward a bilateral free trade agreement.

Canada's Market Access Priorities for 2003

- Continue negotiations toward a Canada-Singapore Free Trade Agreement in order to remove remaining barriers to trade in goods and improve overall access for Canadian investment and services in sectors such as financial and professional services.
- Continue to monitor the development of intellectual property legislation and enforcement efforts in Singapore for patents, trademarks and copyrights.
- Continue to encourage discussions on outstanding matters with a view to concluding an Air Transport Agreement, following consultations between the respective airlines or completion of Canada's air policy review.

Investment

While inward FDI to Canada from Singapore remained stable at \$132 million in 2001, Canadian direct investment in Singapore jumped sharply to \$4.52 billion from \$3.0 billion and \$3.2 billion in 1999 and 2000 respectively. While most of the Canadian direct investment in Singapore is in the form of regional offices in services sectors such as banking and insurance, Canadian firms in the environmental technology, aircraft maintenance, manufacturing and retail sectors also have a presence.

The Singapore government is extremely active in investing in key technology sectors, in part through the creation of several investment funds administered through government statutory boards such as the Agency for Science, Technology and Research and the Singapore Economic Development Board. Most of these funds are geared toward attracting foreign corporations and expertise to Singapore to help develop strategic growth areas, such as life sciences and ICT.

INDONESIA

Overview

In 2002, the Indonesian economy grew an estimated 3.6%, driven primarily by government spending and domestic private consumption. However, there is growing concern that the boom in consumption that is driving GDP growth is falling off. In addition, a continuing dearth of investment, particularly after the bombing in Bali, could affect economic growth in 2003.

Indonesia remains Canada's largest export market in Southeast Asia. Commodities are still the top export to Indonesia, making up 65% of total exports. However, electronics and prepared foods are two areas in which Canadian firms are making inroads. As long as the consumption boom continues, there will be opportunities for Canadian-made consumer goods.

On the fiscal and monetary policy fronts, Indonesia is performing well. In recognition of this fact, several international rating agencies upgraded Indonesia's sovereign ratings in August and September 2002. Inflation in the Consumer Price Index fell from 11.5% in 2001 to 11.9% in 2002. Indonesia's fiscal year 2002 budget implementation remained on track throughout 2002, with the full year deficit equivalent to 2.6% of GDP. In August 2002, the government unveiled a conservative US\$40.7 billion draft budget for fiscal year 2003 that forecasts a deficit equivalent to 1.3% of the 2002 GDP, though post-Bali revisions have moved that to between 1.6% and 2.0%. Major announced increases in fuel and electricity prices (which significantly reduce the fuel subsidy, still a large part of the national expenditure budget) will assist in keeping that deficit to a minimum.

Market Access Results in 2002

- The tariff for processed Canola oil was confirmed at zero after the Customs Service attempted to impose a 10% tariff that would have made competition with other competing edible oils more difficult.
- Canadian Food Inspection Agency certification for fish products was accepted, enabling improved access to Indonesian markets.