

a key figure in all aspects of the Indonesian air industry.

Telephone and telecommunications facilities are being upgraded and expanded. Farinon, Montreal, has equipment in place now and is working toward a possible marketing and co-production arrangement. Another Montreal company is assessing prospects for the sale and local manufacture of telephone units and switching equipment.

The large size of the Indonesian forest resource — 120 million hectares, the strategic value placed on wood and wood product exports — second only to oil, and the realization that long-term planning is essential for rational development of the industry all combine to create attractive market prospects for Canadian products and services. Imaginative and persistent marketing efforts should lead more Canadian companies to extend their international business activities into this large and profitable market.

Canadian companies have recorded a number of successes in marketing to the petroleum industry in such products and services as valves, drill bits, rig lighting systems, production chemicals and geological services. Future potential exists in the area of secondary crude oil recovery from some of the older oil fields in the country.

Opportunities for Canadian suppliers are not limited to the exploration and production phases of the oil industry. For example, refining capacity, which is presently insufficient to meet Indonesia's needs, will be doubled by 1984.

Canadian consultants, with their special expertise in solving problems created by Canada's great distances, and their experience in extensive resource developments, have been well received and are deeply involved in several major projects in Indonesia. Among these, the two that have attracted the most interest are Suralaya and Bukit Asam.

Suralaya is a large steam power project located on the northwestern tip of the island of Java. Consulting engineering for the first two units (Phase 1) to produce 800 megawatts is being handled by Monenco. Babcock-Wilcox of Cambridge, Ontario, linked with Marubeni of Japan recently to win the valuable boiler island package for this project. It is expected that for this \$200-million World Bank project services valued at \$85 million will be provided by Babcock-Wilcox and several other Canadian firms.

The Bukit Asam project is directly linked to the Suralaya development. Coal

from the Bukit Asam mine on the island of Sumatra is to be transported by rail and sea to fuel the Suralaya power station on Java. A consortium of Canadian consultants, MCS (Montreal Engineering, Canadian Pacific and Swan Wooster) is providing much of the engineering for this project which will cost close to \$1 billion when completed.

A Canadian government proposal to finance the railway, communications and port elements for the Bukit Asam project has been accepted in principle by the

Indonesian government and detailed negotiations are underway. Canadian companies should therefore be expected to become heavily involved in this project with sales of equipment and services exceeding \$150 million.

There are attractive prospects for Canadians in Indonesia in the resource based industries, in the manufacturing and service sectors as well as in the emerging area of marine resources management. Companies can expect ample rewards in the Indonesian market.

Ample Room for Expansion of Malaysian Exports

AS FELLOW members of the Commonwealth, Malaysia and Canada enjoy a special relationship which has never been less than cordial. The long-standing relationship could definitely be enlarged to include the business communities in both countries with the objective of further expanding the existing trade for the mutual benefit of both parties. Since both countries pursue a policy of free enterprise the efforts of the private sector, particularly Malaysian exporters, are essential in achieving this objective.

In spite of the rather small population of 24 million relative to its land area, Canada is actually a large market due to the high purchasing power of its people. In 1979 the Gross National Product (GNP) was equivalent to M\$475.3 billion or a per capita of about M\$20,000, one of the highest in the world. The per capita personal disposable income in the same year was equivalent to about M\$13,280 or more than six-and-a-half times that of Malaysia. Total consumer spending for the year as reflected by the retail sales was estimated at M\$137.9 billion or M\$5,770 per capita.

Despite the current short-term economic difficulties associated with inflation, unemployment and high interest rates, the Canadian market will continue to expand appreciably in the future in view of its rich and vast natural resources and expected increases in industrial activity and output.

The major industrial and market centres are Toronto (population 2.9 million), Montreal (2.8 million), Vancouver (1.2 million), Calgary (0.58 million) and Edmonton (0.65 million).

Though trade between Malaysia and Canada is still modest in percentage terms it is expected to expand substantially in future. In 1979 the total trade was equivalent to M\$302.8 million, comprising

M\$1,657 million imports from Malaysia and M\$2,744 million exports to Malaysia. As percentages of Canadian external trade these figures represent 0.43 per cent of total trade (M\$233.9 billion), 0.15 per cent of total imports (M\$14.4 billion) and 0.11 per cent of total exports (M\$119.5 billion).

After discounting trade with developed countries (United States, United Kingdom, Western Europe, Japan and Australia) and OPEC countries (Middle East and Venezuela), which constitutes about 98 per cent of total imports, there is still ample room for the expansion of Malaysian exports.

Canada imports a wide range of primary commodities, manufactured and processed products. The main import items are food (e.g., fruits, coffee, cocoa, tea, seafoods), crude petroleum, textiles, machinery and equipment, motor vehicles, and a wide range of personal and household products (e.g., apparel and accessories).

The main products with potential for Malaysian exporters include canned seafoods (e.g., canned tuna), frozen seafoods, canned pineapple, canned fruit juices, consumer electronic products, rubber products (e.g., rubber gloves), certain textile products, sporting goods, giftware (e.g., pewter, jewellery), wood and cane knocked-down furniture, English reproduction furniture, timber products and mouldings. These products are by no means comprehensive and Malaysian manufacturers and exporters interested in the Canadian market are advised to contact the office of the Malaysian Trade Commissioner in Canada or the Malaysian Export Trade Centre in Kuala Lumpur.

Prepared by the Malaysian Trade Commission, Toronto.