

government and an IMF rescue package of US\$17.2 billion. Following an economic contraction of over 9% in 1998, the Thai economy began to recover in 2000 with 4.3% growth. In June 2000, Thailand officially graduated from its IMF program and began to make IMF loan repayments in November. Growth has declined however, in 2001 (GDP growth projected to be 1.3% to 1.8%) with slowdowns in the U.S. and other world economies largely to blame. Although Thailand still faces serious challenges, notably related to the very precarious situation of its financial sector, its medium- to long-term prospects remain positive, particularly with additional reform legislation.

In 2001, Canadian goods exports totalled \$434 million (up 16% from 2000), while Thai exports to Canada were \$1.1 billion (up 1%). The 140-member Thai-Canadian Chamber of Commerce in Bangkok attests to the strong bilateral commercial interest.

Market Access Results in 2001

- Taxes have been reduced from 50% to 5% for yachts and other water vessels which are used for entertainment.
- Import tariffs will no longer be levied on recycling machinery and companies using recycled materials will be eligible for tax breaks, depending on their location in Thailand.
- Prime Minister Thaksin is considering a finance ministry proposal that will see import duty reductions to 1% on more than 200 production inputs. The cuts aim to improve Thailand's competitiveness by reducing the costs of raw materials used in local food, textiles, chemicals and steel production that are unavailable from local sources.
- The Life Insurance Association of Thailand has reported that the Government has agreed to revise the Insurance Act, allowing a foreign company to own a maximum of 49% stake in Thai insurance firms, up from 25%.

Canada's Market Access Priorities for 2002

- Seek permission to operate additional foreign bank branches outside of Bangkok.
- Press for abolition of regulations that prohibit foreign banks from lending over 25% of their capital to one borrower.

- Seek a reduction in the tariff for feed peas to a level comparable to other feed ingredients.
- Seek to address the limit on foreign equity investment in joint ventures of 49%.
- Seek fast-track approval for establishing regional headquarters in Bangkok.
- Ensure full implementation and enforcement of IP rules in accordance with Thailand's WTO obligations.

VIETNAM

Overview

Canada's exports to Vietnam in 2000 totalled some \$58 million (up 13.8% from 2000). These numbers are quite modest considering that Vietnam's overall imports are approximately US\$15.2 billion, with GDP per capita of US\$368. Vietnam is absorbing increasing levels of debt associated with infrastructure development; however, the IMF is satisfied that the fundamental economic indicators are sound. Vietnam is also dependent on large amounts of aid (US\$2.4 billion in 2002). Canada announced at the APEC Summit in October 2001 that it will be providing an ambitious trade-related technical assistance program to some low income APEC economies, including Vietnam.

Vietnam continues to slowly reform its economy and its external trade regime. Vietnam began the process of acceding to the WTO in 1995. Canada supports Vietnam's efforts to accede, including through the provision of accession-related technical assistance. Vietnam's WTO accession negotiations are expected to intensify as Vietnam tabled its initial market access offers on goods and services in January 2002. Vietnam's eventual membership in the WTO will consolidate its economic reforms and yield a more open, stable and predictable environment for Canadian traders and investors. Despite urging by foreign donors, including Canada, to accelerate the equitization (purchase of shares by employees) of state-owned enterprises and dismantle competitive barriers against private sector companies, the Government has been slow to respond on these issues.

Market Access Results in 2001

There have been some positive steps in the Vietnamese economy in 2001, including the establishment of a