

Major Agreements Signed during PM Prem's Visit

Tax Treaty Between Canada and Thailand

One of the most important developments arising from the visit to Canada of Prime Minister Prem was the signing of a Convention for the Avoidance of Double Taxation and The Prevention of Fiscal Evasion with Respect to Taxes between Canada and the Kingdom of Thailand. This constitutes a major breakthrough in encouraging enhanced economic activity between the two countries. The convention was signed on behalf of Canada by the Minister for International Trade, Mr. Gerald Regan, and on behalf of Thailand by the Foreign Minister, Air Chief Marshal Siddhi Savetsila.

The text of the convention is generally patterned on the model Double Taxation Convention prepared by the Organization for Economic Co-operation and Development (OECD) and adapted to reflect the special circumstances of the Thai-Canadian relationship.

The Convention provides ground-rules for Canadian and Thai taxes on non-residents with respect to dividends, branch profits, interest and royalties. The convention also provides for a limited number of exceptions in the case of dividends, interest and royalties. The agreement puts in place the last key element in the intergovernmental framework necessary to encourage trade, investment and joint ventures between Canada and Thailand.

In his remarks following the signing ceremony Prime Minister Trudeau described the agreement as "a major achievement in the establishment of trade and investment opportunities for Thai and Canadian businessmen".

The convention will enter into force upon the exchange of instruments of ratification and, in Canada, its provisions will generally apply to withholding taxes in the calendar year in which the convention is ratified. It will become effective for other taxes for taxation years commencing in the year of ratification.

Canadian Assistance for Research Institute

Thailand and Canada signed a \$5 million agreement to set up the Thailand Development Research Institute, a non-governmental organization expected to contribute significantly to Thailand's economic planning. The visiting Chairman of Thailand's National Economic and Social Development Board, Dr. Snoh Unakal, signed the agreement on behalf



General Prem Tinsulanond

of Thailand. William McWhinney, Vice-President of the Canadian International Development Agency (CIDA) signed on behalf of Canada.

The TDRI's mandate is to focus on the analysis of key socio-economic issues and their long-term impact in Thailand. This research will contribute to the formulation of socio-economic policies which will be incorporated in Thailand's sixth and subsequent five year development plans.

The TDRI will stimulate and encourage existing Thai research institutions to participate more fully in national development plans and policy formulation.

CIDA, through an associated contract with the Ottawa-based Institute for Research on Public Policy, hopes to provide links between TDRI and a wide spectrum of Canadian institutions involved in long-term socio-economic research.

CIDA Support for Self-help Projects

A \$3 million agreement to improve the living standards of about 28,000 of the poorest people in northeast Thailand was also signed during Prime Minister Prem Tinsulanond's visit.

At a ceremony witnessed by General Prem and Canadian Prime Minister Trudeau, the visiting Minister of Foreign Affairs for Thailand, Air Chief Marshal Siddi Savetsila, signed the agreement on behalf of Thailand, while the Honourable Gerald Regan, Acting Secretary of State for External Affairs, signed on behalf of Canada.

CIDA's contribution supports the innovative efforts of Thailand's largest non-governmental organization, the Population and Community Development Association (PDA), to help poor farmers to help themselves.

Northeast Thailand has the most difficult development problems in the country with an arid climate, high population growth, and a demonstrated need for improved social infrastructure. Of the 14 million people living below the poverty line in Thailand, more than half live in the northeast.

During the next five years, with CIDA's assistance, PDA will draw on its extensive network of permanent staff and 16,000 volunteers to encourage rural people to develop their region. Basic to PDA's philosophy is the full involvement of villagers in decisions about their own development.

The involvement of village committees in all stages of project decision-making will establish new structures at the local level for full participation in future selection and planning of projects.

Benefits to the villagers could take many forms. Where health is adversely affected by contaminated drinking water, funds will be used for sanitation projects and basic health instruction. Villagers will also receive advice on more effective ways to market their products once the project has helped them to increase their yields.

Humanitarian Aid for Cambodian Refugees

The Honourable Gerald Regan, Acting Secretary of State for External Affairs, announced on 11 April, that Canada will provide \$900,000 in humanitarian assistance to Cambodians displaced by conflict in their own country.

Since the Vietnamese invasion of Cambodia in 1979, Thailand has borne the burden of a massive influx of some 800,000 Cambodians seeking refuge from the conflict. Although their number has been considerably reduced by repatriation and resettlement in other countries, there remain some 56,000 displaced Cambodians within Thailand, and 228,000 along the border between the two countries.

Canada, over the past years, has contributed \$27 million to the international effort to assist these displaced persons. The additional \$900,000 grant announced will be used by the Red Cross to provide medical, relief and protection services to Cambodians living in camps along the Thai side of the border.