

continued uncertainties about the future political and economic climate in Indonesia. However, new small and medium-sized Canadian investments, which are more immune to political uncertainties, have continued. Within these new investments, there has been a shift from manufacturing for the domestic market to manufacturing for export markets as a result of lower production costs.

#### **Canada's Market Access Priorities for 2004**

- Continue representations aimed at the removal of Indonesia's BSE measures on imports from Canada.
- Continue to engage the Indonesian government to prevent the imposition of increased tariffs on soybeans, corn and other agricultural products such as wheat.
- Continue to ensure that Indonesia's "check price" system, does not disadvantage Canadian exporters.
- Press for reform of Indonesia's corporate bankruptcy laws to require ministerial approval for bankruptcy declarations against all financial institutions.
- Urge the Indonesian government to establish clear regulations in the wireless fixed-line telecommunications industry, including on tariffs, spectrum allocation and roaming issues. The lack of regulation restricts growth in the industry, impeding market access for Canadian exporters of information and communication technologies.
- Seek a more transparent tender process for government procurement of goods and services, particularly on contracts that require external financing and on which financial proposals should form part of the tender document.

#### **Bovine Spongiform Encephalopathy**

Following Canada's May 20, 2003, announcement of a BSE case, Indonesia issued a ban on the import from Canada of live ruminants, meat and meat products, including offal, embryos and semen. Canada has kept all its trading partners, including Indonesia, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

#### **Investment**

Canadian investors continue to face numerous challenges in accessing the Indonesian market. Existing and potential investors cite concerns that include political uncertainty, unclear decentralization, uneven implementation of economic reforms, unreliable judicial system, security issues and the treatment of existing investors. On the plus side, Indonesia's government is making efforts to reform the judicial system and to streamline the time-consuming procedures for obtaining the licences and permits required for investment in Indonesia.

With new investments currently under consideration by Canadian firms in the manufacturing and domestic services sectors, as well as in the resource-based sector, Canadian investment is expected to increase once broader stability returns to the country and obstacles to investment security are removed. The Government of Canada will continue to monitor developments and to make representations on behalf of specific companies.

#### **THAILAND**

##### **Overview**

Thailand is experiencing very positive economic developments. Thailand's GDP growth rate for 2003 was up approximately 6%. On July 31, 2003, Thailand completed an early repayment—one year ahead of schedule—of its outstanding obligations to the International Monetary Fund under a Stand-by Arrangement. Foreign multinationals are announcing major direct investments, in particular in the automotive sector. Major infrastructure projects are planned. Thailand still faces challenges, notably in its financial sector, but its prospects remain bright, particularly with additional reform legislation.

Thailand is one of Canada's largest export markets in Southeast Asia. Between 1998 and 2003, Canadian exports to Thailand increased by 48% to \$450 million. Canadian imports from Thailand over the same period grew by 47%, reaching a record high of \$1.9 billion in 2003. Canadian investment in Thailand also continues to grow and was valued at over \$1.1 billion in 2002.