

## Canada's Market Access Priorities for 2002

- Encourage partnerships and joint ventures with Singaporean firms, including both companies and research centres, in the ICT and life sciences sectors. These sectors have been identified by the Singaporean government as key growth sectors, and are the target of numerous investment and development schemes that are aimed at enhancing Singapore's role as the telecommunications, financial and technology hub of Southeast Asia.
- Seek removal of remaining tariff barriers to trade in goods and improve access for Canadian companies to Singapore services sectors, including financial and professional services through a bilateral free trade agreement, among other avenues.
- Encourage resumption of discussions on the 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.
- Develop the educational sector in Singapore, including the recruitment of Singaporean students to study in Canada, and promote partnerships and joint ventures between Canadian and Singaporean educational institutions.

### Investment

Inward FDI to Canada from Singapore increased from a total of \$176 million in 1999 to \$194 million in 2000. Canadian direct investment in Singapore remained stable over the same time period at \$2.9 billion in both 1999 and 2000. Most of the Canadian direct investment in Singapore is in the form of regional offices, primarily in services sectors, such as banking and other financial services.

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 National Science and Technology Board (NSTB) and the Singapore Economic Development Board (EDB). For example, in April 1999, the NSTB established a US\$1 billion Technopreneurship Investment Fund, now spun off to TIF Ventures Pte Ltd., to invest venture capital to draw technology and talent into Singapore. Private-sector firms could access this fund for the development of new products, as long as 30% of the

company ownership is Singaporean. This fund has been extremely successful in attracting international top tier venture capital companies to locate in Singapore and in making finance more easily available for startups in Singapore and in the region.

Additionally, the Singapore Economic Development Board (EDB) administers several funds aimed at developing specific technology sectors of the economy, especially life sciences. These include Life Sciences Investments (LSI), which was established in 1990 to invest in cutting-edge life sciences companies located primarily outside of Singapore. Its first fund of S\$40 million is fully invested, and a second fund of S\$70 million has been allocated for new investments. LSI's mission is to make investments in cutting-edge life sciences companies worldwide, thereby promoting spin-off activities in Singapore. Similarly, the PharmBio Growth Fund Pte Ltd. was established jointly by the EDB and NSTB at the end of 1997 as a US\$100 million life sciences investment fund. Its mission is to build and strengthen the capabilities of the life sciences industry cluster in Singapore by making direct equity investments in strategic development, manufacturing and related services projects.

## INDONESIA

### Overview

In 2001, exports to Indonesia declined by \$244 million from the previous year, but nearly all of that can be attributed to two market developments: first, the business failure of Asia Pulp and Paper, which resulted in a decline of wood pulp sales from \$339 million in 2000 to a mere \$141 million in 2001 and second, depressed prices for plantation-sector products (coffee and palm oil) resulted in a 10% collapse in fertilizer sales from \$37 million to \$33 million. On the latter, there was a turn around in sales for the last half of 2001. There has been impressive growth of processed food products, increasing from \$1.3 million last year to \$7.5 million to date, which reflects strong market penetration of the dynamic Indonesian food distribution sector by Canadian companies. Sales of machinery, electrical and communications equipment have also grown significantly.

With continued encouragement from the International Monetary Fund (IMF) and the World Bank, Indonesia is continuing a program of structural economic reform,