

Why is this happening now?

Although the Asian crisis of 1997 hit the region hard, growth has now returned, with stable currencies and increased business confidence. Gross domestic product is forecast to grow 4%-7% for 2003. The consumer base of 500 million offers terrific purchasing power. Opportunities are emerging due to an expanding middle class with rising affluence, the return of infrastructure spending, ongoing privatization and deregulation efforts, and changes to traditional sources of supply.

Structural reform and trade liberalization have helped improve trade relations. World Trade Organization obligations, the demands of the Association of Southeast Asian Nations (ASEAN) Free Trade Area, and bilateral trade agreements have all contributed to deregulation. Canada is currently negotiating a free trade agreement with Singapore, the first of its kind in Asia. The ongoing liberalization in the region will benefit Canada by

reinforcing the rule of law and increasing access to markets.

Loan projects and technical assistance grants are supporting the region's dramatic growth. Multilateral development banks (MDBs) lend over US\$10 billion per year in Southeast Asia to fund projects ranging from health and education systems to wastewater treatment and power plants. Since Canada is a shareholder in the two MDBs lending to Southeast Asia, the World Bank Group and Asian Development Bank, Canadian companies are eligible to bid on their contracts. These banks may also offer Canadian investors private sector financing or guarantees for projects in the region.

Southeast Asia is currently benefiting from growth in China and enjoys a huge and growing trade surplus with that

country. China may be the favoured investment destination for many manufacturers, but its swelling middle class is increasingly demanding products and inputs from Southeast Asia.

What this means for Canada

Canada, with long-term ties to Southeast Asia and complementary products, is well positioned to take advantage of this growth. The Trade Commissioner Service's nine offices in the region can assist your company in developing a strategy for taking on these exciting and dynamic markets.

Although opportunities exist in numerous sectors, six deserve particular attention: information and communications technologies (ICT), agri-food, oil and gas, environmental industries, aerospace and defence, and education.

"We see many opportunities for both geographic and target market expansion in Southeast Asia." MARK GUIBERT, VP CORPORATE MARKETING, RIM

INFORMATION AND COMMUNICATIONS TECHNOLOGIES

Canada has exported more than \$500 million worth of ICT products to Southeast Asia over the last two years, and sales are expected to increase. From 1995 to 2001, annual compound growth in the telecommunications sector ranged from an impressive 5.3% (Singapore) to an incredible 32.5% (Vietnam). The emerging markets of Southeast Asia present opportunities for suppliers of network infrastructure and wireless local loop and satellite technologies.

The ICT market encompasses the developing markets of Laos and Cambodia, where land lines reach only a tiny percentage of the population, as well as the highly sophisticated market of Singapore, with close to 80% cell phone penetration. In between are the emerging but rapidly developing markets of Vietnam, Indonesia, the Philippines, Thailand, Brunei and Malaysia.

The demand for cell phone services has exploded, with annual growth ranging from 18% to 80%. Cell phone use in Thailand, for example, grew from 2 million in 1998 to over 16 million in 2002. In the Philippines, subscriptions have tripled to 17 million in two years, and analysts predict that this market is only halfway to saturation. The Philippines also leads the world in "texting," with over 120 million messages sent daily. In developed markets such as Singapore,

opportunities exist in wireless content such as gaming, enterprise mobile data computing, and multimedia video clips.

Earlier this year, Industry Canada and the Department of Foreign Affairs and International Trade conducted a successful Wireless Mission to Thailand, Malaysia and the Philippines. Strong interest from local companies showed that domestic supply of ICT products and services cannot keep pace with the sophisticated consumer base. Successful Canadian ICT companies often form alliances with international firms to increase distribution and foster new product development.

Key events

ix2003

Singapore, September 30-October 3, 2003
www.ix2003.com

3G World Congress

Bangkok, Thailand, November 3-7, 2003
www.3gcongress.com

CommWorld & Broadcast World Expo 2003*

Manila, Philippines, November 6-8, 2003

CommunicAsia/BroadcastAsia 2004

Singapore, June 15-18, 2004
www.communicasia.com

* This event will feature a Trade Commissioner Service info booth.

EDUCATION

Opportunities in this field are extensive. International students studying in Canada account for an estimated \$5.5 billion in annual revenues. Canada's reputation for delivering quality education at competitive prices, combined with its high standard of living and peaceful, multicultural environment, attracts more than 100,000 international students yearly. Demand is particularly intense from Southeast Asia. The number of Vietnamese studying here increased more than 200% between 1998 and 2001.

E-learning – distance education, virtual classroom products, curriculum models, content development tools, and corporate training and learning management systems – is another hot area where Canadian firms have earned a global reputation. Now is the time to seek partnership opportunities in the Malaysian multimedia market. Singapore-based Horizons Education and Technologies has been awarded a \$31 million contract to set up 330 "edutainment" centres in Malaysia. Opportunities exist in distance learning programs, as well as in technical and vocational learning tools and services.

Key events

CEC International Education Fairs

Various dates and locations.
Please consult www.cecnetwork.ca.

OIL AND GAS

With Asia expected to account for 32% of world energy demand by 2020, the oil and gas sector in Southeast Asia is poised for growth. There are already plans to expand existing pipelines into a regional gas grid that will eventually supply China. Energy development projects, mostly in natural gas, are under way in Malaysia, Indonesia, Thailand and Vietnam.

Indonesia, the largest exporter of liquefied natural gas in the world, recently commissioned a gas pipeline from Sumatra to Singapore. Plans are in the advanced stages to construct a pipeline from Sumatra to densely populated Java. Malaysia, where natural gas consumption is expected to grow 10% per year, is developing major reserves in the South China Sea. The oil and gas sector in Thailand is smaller but still significant. Currently the country produces 62,000 barrels of crude oil per day and has proven gas reserves of 12.5 trillion cubic feet, with another 10 trillion in probable reserves. Vietnam is new to the energy sector but is eager to develop its reserves, having signed more than \$8.6 billion in contracts with foreign companies. Talisman Energy recently entered into a \$20 million agreement to explore for oil and gas off Vietnam's south coast.

Canadian advanced technologies and methodologies are key selling points. Faced with rising demand and limited resources, countries in Southeast Asia are seeking partners who can optimize production and plant efficiencies. Opportunities exist in developing, repairing and operating facilities and pipelines; exploration; processing; compression; and transportation. Several Canadian firms are already active in the region in exploration, development, maintenance and consulting services.

Key events

Oil and Gas Technology 2003

Jakarta, Indonesia, October 1-4, 2003

International Gas Distribution and Utilization Expo and Conference

Kuala Lumpur, Malaysia

March 30-April 2, 2004

OSEA 2004, 15th International Oil & Gas Industry Exhibition & Conference

Singapore, December 7-10, 2004

www.osea-asia.com

ENVIRONMENTAL INDUSTRIES

Demand for environmental services and products is on the rise as countries pursue sustainable development and contend with environmental degradation. As awareness increases about the challenges associated with rapid industrialization, population growth and urbanization, significant opportunities will exist for Canadian companies in this sector.

Promising subsectors include water resource equipment and service, pollution control equipment and waste management. The water treatment market alone is projected to grow by 8.4% annually, to reach \$990 million by 2006. The Philippines, Thailand, Singapore and Malaysia offer many opportunities in these subsectors. The Mekong region is an area of great potential, and several loan projects with environmental components are on the way.

Canada's presence is evident in both private and public sector initiatives. In Thailand, the Canadian International Development Agency has a project in natural resources and environmental management as well as the Canada-Thailand Trilateral Environment Project, both of which have given Canadian companies exposure to the Thai environmental market and access to key decision makers. The newly created Thai Ministry of Natural Resources and Environment has made natural resource rehabilitation a priority, presenting another subsector of opportunity. In Singapore, meanwhile, Zenon Environmental Inc. is fulfilling a \$10 million order for technology for a water filtration plant.

With 2003 designated as ASEAN Environment Year, there are many regional and national activities, including prestigious trade shows. One of the key events, EnvironmexAsia 2003 & WatermexAsia 2003, is the longest-running exhibition in the region, attracting companies from across Asia.

Key events

EnvironmexAsia 2003

Singapore, December 2-5, 2003

www.environmexasia.com

Entech/Pollutec Asia 2004

Bangkok, Thailand, June 10-13, 2004

www.cmpthailand.com

AGRI-FOOD

The countries of Southeast Asia provide a large and growing market for Canadian agri-food products. In 2000, the region's total agri-food imports were valued at approximately \$23 billion, of which \$5 billion represented products Canada can competitively supply. Tariffs in this sector are decreasing due to ASEAN integration. The Philippines, Indonesia, Singapore and Malaysia offer the greatest potential for Canadian agri-food businesses willing to invest the effort.

Canada's reputation for high-quality basic products puts exporters in a good position. Canadian soybeans for tofu, canola oil, french fries, ice wine, and wheat for bread and noodles have all proven successful in the region. Despite vigorous local competition, Canada has increased its sales of food products to the region by an average of 12% per year since the late 1990s. Moreover, many large food manufacturers in Southeast Asia also have operations in China and provide a convenient way to access that market.

Good potential exists for deli meats, bakery mixes and ingredients, seafood, confectionery items, pulses, and malt for brewing. Large food chains in the region have expressed an interest in partnering on private-label arrangements with Canadian firms.

Key events

International Food and Hospitality Show 2003

Bangkok, Thailand, September 10-13, 2003

www.qsncc.com

Food Catering Asia and Food Technology Asia 2003

Bangkok, Thailand, October 1-4, 2003

www.fca-fta.com

Food Ingredients Asia*

Singapore, December 9-11, 2003

www.singapore.fi-events.com

Food and Hotel Asia 2004*

Singapore, April 20-23, 2004

www.foodhotelasia.com

World's Finest Foods

Manila, Philippines, April 27-28, 2004

* Both events will feature a Canadian pavilion. Interested companies should contact Dianne Guindon, Agriculture and Agri-Food Canada, (613) 759-7513, guindondi@agr.gc.ca, or Gordon Richardson, Regional Counsellor, Singapore, gordon.richardson@dfait-maeci.gc.ca.