

world for returns; and ii) the perception that industrialised country equity markets (in particular the US) are becoming overvalued. Some participants feared that the rush of funds back to Asia might lead to a starvation of capital for Canadian firms, especially small-to-medium size niche-players.

3.0 Risk and Reward: Implications for Business

Business representatives at the roundtable briefed the group on the impact of the crisis on their companies. The feeling was one of cautious optimism. Business was not as good as might be expected, but there was still money to be made in Asia. In the high technology sector, Asian clients during the years of heady growth were inclined to purchase the most sophisticated (and expensive) products with all the bells and whistles included, irrespective of their needs. In the present environment, many of them are turning to less extravagant alternatives rather than cancelling the purchases altogether.

Current forecasts for Canada-Asia people-to-people exchanges are surprisingly positive, under the circumstances. While travel between Canada and Hong Kong / Japan is expected to be flat or slightly positive in 1998, travel to and from China and Taiwan is expected to show strong growth. Even in the area of Canadian education exports, the early signs are that the level of enquiries at Canadian Education Centres in Asia has not declined. The traditional Asian emphasis on investing in a quality education combined with the improved competitiveness of Canadian schools will likely temper the decline in foreign student enrolments in the years ahead.

It is in the traditional resource-based industries that the impact of the crisis will be greatest. Asia's recent wane in demand for primary commodities and the rising competitiveness of Asian producers come at a time when commodity prices in general are falling. The combination of these effects poses a serious threat to resource-based exporters such as the forestry products and mining industries. British Columbia is especially vulnerable given its dependence on primary products and on Asian markets. In the area of softwood lumber, the problem is further compounded by the threat of countervail measures by the United States.