

In Cambodia, the concern is the ability of the United Nations peacekeeping staff (known as UNTAC) to succeed in its role as police while trying to establish country-wide elections. At issue are the consequences that could result from the departure of the UN and the ensuing power vacuum left for the local factions. The stability of Cambodia will remain uncertain.

Poverty is another factor; Vietnam, Laos, and Cambodia have a per capita Gross Domestic Product (GDP) between US\$200 and US\$300 which constrains any serious consumer market development for many years to come. Other problems include infrastructure inadequacies that will require massive investment to improve the business environment.

There also exist historical rivalries between the countries over boundaries and geography. The three countries are viewed as one region because they were grouped together by France during its colonialist period in Asia.

The 1990s offer slow and scattered development for Vietnam, Laos, and Cambodia. All of the countries are undergoing an adjustment phase as they shift from a centrally-planned economy to a more liberal market economy and will require development assistance to meet their infrastructure and institutional needs. For Canadian companies, the immediate opportunities will be in bilateral- or multilateral-funded projects. Payment will be secure and the risk will be greatly reduced.

For export industries that require a large labour input, the region is one of the last remaining areas in Southeast Asia where a company can obtain skilled and inexpensive labour. Due to the region's economic state and level of industrial development, opportunities exist for Canadian companies that have experience, are well-financed, and have a long-term commitment to the region.

The trend over the last few years has seen an increasing number of companies visiting Vietnam and its neighbours in search of opportunities to launch an entry strategy into the region (see Chapter 9 on Case Studies). The consensus among firms working in the region is that any short-term problems in the country's economic systems that they might have to endure to position themselves will be alleviated by long-term profits. The question Canadian companies must ask themselves is whether they have the resistance and initiative to endure countries like Vietnam, Laos, and Cambodia.