

satisfied that the fundamental economic indicators are sound. Vietnam is also dependent on large amounts of aid (US\$2.4 billion in 2002).

Economic reform has become a top priority. To this end, Vietnam is making an effort to play a greater role in the international trading system. It is aggressively pursuing membership in the WTO and has set 2005 as a target date for accession. Vietnam tabled its initial market access offers on goods and services in January 2002, and accession negotiations are expected to intensify. Vietnam's eventual membership in the WTO will consolidate its economic reforms and yield a more open, stable and predictable environment for Canadian traders and investors. Canada supports Vietnam's efforts to accede, including through the provision of accession-related technical assistance. Canada is also co-sponsoring the APEC Economic Integration Program, which aims to help six Southeast Asian developing economies (including Vietnam) strengthen their trade facilitation and negotiating capacities.

Vietnam recognizes that attracting foreign investment is key to expanding economic opportunities and is trying to reform its legal and judicial systems to create a more welcoming environment for FDI. Despite urging by foreign donors, including Canada, to accelerate the equitization (purchase of shares by employees) of state-owned enterprises and dismantle competitive barriers against private sector companies, progress by the government has been slow.

Market Access Results in 2002

- A memorandum of understanding, signed by the Canadian Food Inspection Agency and Vietnam's Department of Animal Health, that included health certification agreements for a variety of livestock and livestock products. Recently, Vietnam recognized Canada's BSE free status.
- The government continues to implement key reforms, including in the financial sector and with respect to private sector development. Canadian businesses will benefit from improved commercial conditions, although Vietnam will remain far less developed than the regional average.
- The continued commitment of the Vietnamese government to WTO accession by 2005.

Canada's Market Access Priorities for 2003

- Identify and secure improved treatment for Canada's goods and services in bilateral negotiations with Vietnam. Support multilateral efforts at the WTO for Vietnam to develop a consistent, transparent and effective trade policy regime.
- Continue to play a positive role, through bilateral programs and in forums such as APEC, in developing a capacity-building program for trade and economic policy.
- Solidify access for Canada's agriculture and agri-food products through continued negotiation of bilateral, sanitary- and phytosanitary-related arrangements when appropriate.
- Ensure that Canada's right to most-favoured-nation treatment on goods is protected vis-à-vis Vietnam's other trading partners.
- Advocate the specific interests of Canadian companies in the market. In particular, try to ensure that proposed changes to Vietnam's Mineral Law correspond to the needs of the Canadian mining industry.

MALAYSIA

Overview

Malaysia is Canada's largest trading partner in Southeast Asia. In 2002, Canada exported goods totalling \$477 million to Malaysia, and imported goods valued at \$2 billion. While we have a significant trade deficit in goods with Malaysia, trade in services is far more balanced. In 2000, two way trade in services totalled \$249 million, with Canada registering a \$37 million surplus. Overall trade is expected to continue to grow in 2003, as the Malaysian economy continues to recover, and the government initiates another expansionary budget.

Malaysia, like many members of the Association of South-East Asian Nations (ASEAN), has recently expressed increased interest in bilateral and regional trade agreements, although it continues to protect its automotive industry. Malaysia has a relatively open, market-oriented economy, and Canadian exporters have not reported any major market access barriers. Export Development Canada has identified, however,