a property sale can be remitted outside India at any time, unless the investor is a non-resident national or a person of Indian origin. Legislation for the protection of intellectual property, particularly patents in areas of interest to Canadian investors, is weak. However, India decided in 1998 to accede to the Paris Convention and the Patent Cooperation Treaty, and is considering further changes in Indian law regarding protection of intellectual property.

Canada is negotiating a Foreign Investment Protection Agreement with India which will address these issues and should over time create a more stable investment climate.

SOUTHWEST ASIA

The Asian financial crisis has had a significant impact on all ten economies of Southeast Asia and will affect our trading relationship in the short to medium term. As a grouping, in 1998, Southeast Asia accounted for $1.83 billion of Canadian merchandise exports (a 37.2 percent decline from 1997) and $6.54 billion of imports (a 7.8 percent increase). Our goal is to position Canadian business for a revival of a highly competitive Southeast Asia over the next 3 to 5 years. The ten countries of Southeast Asia are: Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Brunei, Burma (Myanmar), Cambodia and Laos.

INDONESIA

Overview

In 1998, the value of Canada's merchandise exports to Indonesia was $507 million and the total value of our imports $921 million. Services exports to Indonesia account for about an additional $200 million annually. Since the economic crisis has gripped Indonesia, our 1998 merchandise exports declined by 35 percent over the previous year. However, a far-reaching economic reform program, negotiated in the context of Indonesia's program with the International Monetary Fund (IMF), has led to significant liberalization of cross-border measures that should have the effect of providing much better access for Canadian traders and investors.

Market-opening Results in 1998

- Special tax and customs considerations for the National Car Programme were cancelled.
- Restrictive marketing arrangements on cement, paper and plywood were abolished.
- Import tariffs on a large number of chemical products were reduced to 5 percent.
- The number of products requiring an import license have been reduced.
- Canadian investors are now in a position to own up to 100 percent of Indonesian banks, rather than the previous cap of 85 percent.
- Non-food agricultural tariffs have been reduced.
- Agricultural tariffs have been reduced to maximum of 5 percent on all (about 500) food items.

Canada's Market Access Priorities for 1999

- maintain equitable access for wheat sales, especially in the face of aggressive, government support and competition from U.S. suppliers;
- continue to encourage the Indonesian government to ensure that Canadian exporters do not face increased costs due to improper delays or unnecessary fees at Indonesian ports. Multilateral trade facilitation efforts (especially within APEC) can be of crucial assistance in this regard; and
- closely monitor Indonesia's follow through on commitments it has made under the IMF Programme of Economic and Financial Reform and Restructuring.

INVESTMENT

Indonesia has not yet concluded negotiations with Canada for a Foreign Investment Protection Agreement (FIPA). The Indonesian system requires that all proposed foreign investments (except those in the oil and gas, and many mineral sectors), must receive approval from Indonesia's Investment Co-ordinating Board — BKPM. While BKPM procedures continue to improve and more sectors are open to foreign investment, Canadian firms still face time consuming procedures and delays in obtaining investment approvals. Canadian government officials will continue to represent Canadian interests their advocacy efforts in order to ensure that Canadian investment in these sectors meets a conducive environment.