

THAILAND

Overview

Until recently, Thailand was one of the fastest-growing economies in the world. In July 1997, however, the economic crisis resulted in a 50-percent decline in the value of the Thai baht against the U.S. dollar, a change of government and an IMF rescue package of US\$17.2 billion. These happenings were initially accompanied by a wide array of spending cuts, which were relaxed and then replaced with a substantial fiscal stimulus package aimed at getting the economy growing again. The economy contracted by over 9 percent in 1998, but is recovering, with an estimated 3-percent growth in 1999. Although Thailand still faces serious challenges, notably related to the very precarious situation of its financial sector, its medium- to long-term prospects remain positive, particularly with additional reform legislation.

In 1999, Canadian merchandise exports totalled \$292 million (down 2.7 percent from 1998), while Thai exports were \$1.51 billion (up 18.5 percent) to Canada. The 160-member Thai-Canadian Chamber of Commerce in Bangkok attests to the strong bilateral commercial interest.

Market Access Results in 1999

■ In October 1999, the Thai Parliament adopted a revised Alien Business Law, significantly easing restrictions on foreign companies doing business in Thailand by establishing three tier classifications: foreign investment is banned from industries on List A, which includes all media; investment in List B industries requires Cabinet approval, provided that Thais hold a minimum of 40 percent of the capital in the company and 40-percent membership on the board of directors (List B includes businesses in culture, arts, the environment and/or natural resources); List C industries require approval from the Ministry of Commerce based upon considerations for national security, tradition, conservation of resources and protection of the environment (List C includes accounting and legal services and other businesses in which Thais do not directly compete with foreigners).

■ In August 1999, Thailand, in response to representation by Canada, reduced the tariff on canola meal from 10 percent to 5 percent, thus making it equivalent to the tariff for soya meal imported from the United States. In addition, Thailand reduced the tariff for alfalfa from a prohibitive 30 percent to 5 percent.

Canada's Market Access Priorities for 2000

- seek a reduction in the tariff for feed peas to a level comparable to other feed ingredients;
- seek to address the limit on foreign equity investment in joint ventures at 49 percent;
- fast-track approval for establishing regional headquarters in Bangkok;
- work to eliminate countertrade requirements on government-procurement projects over baht 500 million (\$25 million), which create transparency problems;
- ensure full implementation and enforcement of intellectual property rules in accordance with Thailand's WTO obligations;
- seek the deletion of local content rules on autos and parts, which prevent foreign parts suppliers from fully participating in the auto industry; and
- seek the reduction of tariffs on higher value-added paper products and continued high tariffs on beer and spirits.

VIETNAM

Overview

Canada's exports to Vietnam in 1999 totalled some \$47 million (down 13.2 percent from 1998). These numbers are quite modest because Vietnam's GDP is only US\$300 per capita, and Vietnam is dependent on large amounts of aid (US\$2.4 billion in 1998) from the international donor community. In addition, Vietnam has not yet reformed its market to allow increased trade and FDI. Vietnam's trade-policy regime is being examined by the WTO working party that oversees their accession process. However, the review process only began in 1998, because Vietnam's initial memorandum needed substantial revision following its October 1996 circulation. Two working party meetings have been