also continue to face time-consuming procedures in obtaining approvals for licences and permits required to implement their investment plans, though the process has improved somewhat. A limited number of sectors are closed to foreign direct investment, including freshwater fishing, forestry, public transportation, broadcasting, film making, telecommunications, onshore drilling services and medical clinics.

The new law on regional autonomy, implemented in January 2001, is a bold attempt by the Indonesian government to decentralize all aspects of the economy except monetary, defence, foreign policy and judicial matters. Because both the regional and central governments seek to control the process of investment approvals, some confusion exists. Overall, however, most companies report that regional autonomy has not significantly complicated the course of doing business in Indonesia. Most of Canada's non-resource–based investments are located on the island of Java, where the largest domestic markets exist and where regional autonomy has not been as pressing an issue as it has been for the other islands.

The Canadian government has long supported investment in Indonesia by placing advisors inside the Investment Coordinating Board and other locations under the auspices of the Canada–Indonesia Business Development Office (CIBDO). Several tens of millions of dollars of new investments are currently under consideration by Canadian firms, with CIBDO's assistance, largely in the manufacturing and domestic services sectors. Canadian investment is expected to increase further once broader stability returns to the country and obstacles to investment security are removed.

THAILAND

Overview

Following an economic contraction of over 9% in 1998 during the Asian crisis, the Thai economy is now largely back on track. In June 2000, Thailand officially graduated from its International Monetary Fund program and began to make its IMF loan repayments in November of that year. In 2002, Thailand registered GDP growth of 4.9%, spurred on by domestic private consumption and government spending. Although Thailand still faces challenges, notably related to the precarious situation of its financial sector, its prospects remain very positive, particularly with additional reform legislation.

Thailand is Canada's second-largest trading partner in Southeast Asia. While trade between Canada and Thailand diminished during the economic crisis, in the past few years Canadian exports have recovered strongly and the prospects for continued growth are good. In fact, Canadian exports to Thailand grew 73% between 1999 and 2002. In 2002, Canadian exports to Thailand reached $522 million. Moreover, buoyed by the devaluation of the Thai baht, Thai exports to Canada reached a record high of $1.8 billion last year. Canadian investment in Thailand also continues to grow and reached $1 billion in 2001.

Market Access Results in 2002

- Import tariffs on fibre-optic cable have been waived.
- Import tariffs on parts for producing colour televisions have been waived.
- The Thai government is reviewing tariffs on raw materials used in the production of electronic appliances and electronics.
- Tariff reductions for the textile and chemical industries are being finalized.
- The Thai government released tax incentives for foreign investors establishing their regional operating headquarters in Thailand.

Canada's Market Access Priorities for 2003

- Seek a reduction in the tariff on feed peas to a level comparable to that for other feed ingredients.
- Seek to address the 49% limit on foreign equity investment in joint ventures.

VIETNAM

Overview

Canada's exports to Vietnam in 2002 totalled $69 million (up 18% from 2001). These numbers are quite modest considering that Vietnam's overall imports are approximately US$17.5 billion. Vietnam is absorbing increasing levels of debt associated with infrastructure development; however, the IMF is