elite and is secure in its tenure for five years. It is, at least initially, free from obligations to big business, allowing it to propose radical reforms — although action is yet to come on putting its commitments into practice.

Chuan government is susceptible to business-pressures to limit liberalization

In contrast, the Thai government of Chuan Leekpai, which came to power in November, appear stable, but is far from secure. It is a six-party coalition which must face an election likely some ti within the next year. In addition, the government is made up of politicians who have long been part of the governing elite. While Chuan and a few of his senior colleagues are considered to be personally untainted by the endemic corruption in Thai politics, they are still part of the coalitio of business and political interests which brought the Thai economy to its knees and are thus vulnerable to pressures from major business groups. Reform, especially opening up the economy increased competition through greater foreign ownership, will come grudgingly.

A huge property glut hangs over Thai efforts to resolve banking crisis

Some progress has been made. However, plans to amend restrictions on foreign ownership of lan and real estate appear to have stalled, along with those to open much of the services sector to foreign investment. Popular sentiment is against foreign ownership of property. At present, only foreign-controlled projects promoted by the Board of Investment are allowed to own land, along with a ceiling of 40% foreign ownership of condominium projects. Government policy seems to b to stall for time in the belief that the economy will recover sufficiently so that some of its most painful moves — especially selling off a huge portfolio of finished and partly-built property financ by defunct finance companies — can be delayed until prices recover. Otherwise, solvent banks w see their capital wiped out by having to write down the value of property backing their loan portfolios to fire-sale levels. This is a huge dilemma. The government is holding about C $32.5 billion of assets, much of it property, of 56 insolvent finance companies on which it is estimated to be facing losses of up to C $19 billion if sold today. The problem of valuing property collateral for outstanding loans was also one of the unresolved issues on which takeover talks between Bank of Nova Scotia and Nakornthon Bank, one of the smaller Thai banks, founded earlier this year.

In these circumstances, it would be wise for Canadian companies, especially those not already familiar with Thailand, to move cautiously when looking at the apparent bargain assets now available in Thailand in areas like agro-business or auto-parts manufacturing, and to avoid any property purchases. The long-term potential is good — Bank of Nova Scotia, which has been involved in the Thai financial market for more than a decade, is expected to take up a full bankin licence in Thailand in July. But, for other companies, delay may be wise.

Canada won friends by taking over Indonesia's pledge to Thai bailout package

While Canadian business has generally held back from new commitment to the Thai economy during its crisis, Canadian policymakers have shown considerable creativity. In April, Finance Minister Paul Martin announced that Canada was taking over from Indonesia its commitment of US$500 million to the IMF-led Thai financial support package. While obviously welcomed by Bangkok, the move also earned considerable goodwill from Indonesian officials who were no longer in any position to meet a commitment made before Indonesia found itself a recipient rather than a donor. The Canadian loan ensured the annual Canada-Thailand Bilateral Economic Committee meeting in Bangkok on May 28-29 was a friendly affair.