

Attractive Prospects for Canadian Participation in Thailand

CLIMATE and geography have combined in Thailand to provide an agricultural wealth that has enabled Thais to maintain social and agricultural traditions long lost in other less fortunate countries. A Thai saying which promises that there will always be fish in the canals and rice the paddy has an indisputable ring of truth, from the teak forests in the north, through the rice paddies around Bangkok, to the rubber plantations in the south.

The combination of a benevolent tropical climate and rich soil has produced an agricultural base — rice, tapioca, pineapple, citrus fruits, maize, sugar, rubber, many varieties of fresh and saltwater seafood — which employs more than two-thirds of Thailand's labour force.

Commercial opportunities abound in Thailand, which has a population of 45 million, but a local agent or associate is a necessity for any Canadian businessman wishing to pursue them.

As the Thai government prepares for the introduction of its fifth five-year plan, government policies have focussed on fostering free enterprise involvement in economic development, emulating the success stories of Singapore and Korea. As policies had already swung from emphasis on import substitution to export promotion, the lifting of restrictions on private sector foreign involvement in mineral resources, energy development and basic industry created attractive prospects for Canadian participation in Thailand's economic growth.

Prospects are excellent for continued growth in the Thai economy. Real growth in the GNP is expected to be approximately 7.5 per cent in 1981, slightly better than the seven per cent that had become the norm in recent years. This increased growth is remarkable in view of the increased cost for imported fuel, as Thailand at present depends on imports for all its gas and most of its petroleum. Recent discoveries of large natural gas deposits in the Gulf of Thailand should reduce energy import costs substantially as the gas begins to replace fuel oil in the last quarter of the 1981 period. In 1978, for example, 78 per cent of Thailand's electric power was generated from imported fuel oil but by 1988 it is expected that fuel oil will account for only six per cent of the total production of thermal electricity. In addition to reducing energy import costs (which will rise to 40 per cent of export earnings in 1980), the natural gas is a type that will provide the feedstock for a petrochemical industry in Thailand.

Thailand's three most important tra-

Thailand Accepts a New Challenge

AIMING AT THE diversification of its export market and in order to help Thai exporters undertake new challenges, the Government of Thailand has opened a commercial office in Canada to facilitate the new era of export promotion. Naturally, this new office will emphasize new opportunities and new markets for Thailand's exporters. However, it will also render services to Canadians interested in importing Thai products.

Canada and Thailand have established a long-lasting trading relationship based on a trade agreement concluded in 1966. Since that time two-way trade has continued to increase each year to the benefit of both countries. Thailand continues to buy more from Canada than she can sell at this time. In 1980, Canadian sales to Thailand were valued at \$142 million while Thai exports to Canada were \$25 million, leaving a \$117 million trade deficit on the Thai side.

The principal Thai exports to Canada are canned pineapple, canned seafood, fish products, raw sugar, tin, lumber veneer, precious and semi-precious stones, household utensils, tableware, textiles and other garments, working gloves, and handicrafts.

The very impressive gross national

product of \$260.3 billion and a per capita income of \$8,902 (1979) in Canada makes it one of Thailand's major export targets. The principal industrial centres of Canada are Toronto, Montreal, Vancouver, Calgary and Edmonton.

With the liberal trading environment in Canada—the few restrictive trade measures protect domestic industries—and the very competitive production costs and high standard of quality of most labour-intensive goods emanating from Thailand, it seems certain that more and more Thai products can effectively enter the Canadian market. Thai goods exported to Canada enter under the Canadian Generalized System of Preferences (GSP). It is hoped that the provisions of the GSP will lead to a growth in the range of products that Thailand can export to Canada.

Interested parties seeking assistance may address their inquiries to the Office of the Commercial Counsellor, Royal Thai Embassy, 396 Cooper Street, Suite 310, Ottawa, Ontario, K2P 2H7, Canada.

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ding partners are Japan, the EEC and the United States, in that order. However, Canadian exports to Thailand grew from \$7.1 million in 1968 to \$87.2 million in 1979 and by the end of 1980, had reached \$142 million. Major items are prefabricated aluminium, steel, asbestos, synthetic fibres, wood pulp, polyethylene resins, zinc, sulphur, medicines, power boilers, pulp and paper machinery, construction equipment, and telecommunications materials.

Thailand offers business opportunities in many sectors. Long a major tin producer, Thailand up to now has not felt the need to define or develop other mineral resources. However, a major airborne geophysical survey financed by the Asian Development Bank will be undertaken over the next three years and will, hopefully, indicate the location of new deposits of mineral resources in addition to the currently undeveloped uranium, potash and oil shale.

The agricultural sector, on the other hand, continues to use traditional techniques on smaller landholdings and obviously has potential for the application of new technology from seed stock through cultivation and material handling equipment to food processing equipment.

As the Thai economy grows, telecommunications and transportation networks and the electric power generation/ transmission/ distribution system will need to keep pace — it is expected that the electrical generation capacity will increase three-fold to 6,900 megawatts by 1990. Container handling equipment is being incorporated in the development of the railway and the deepsea port of Sattahip to handle the increase in export traffic.

With a large, well-educated labour force (84 per cent literacy rate, and 97 per cent enrollment in elementary school), a stable business-oriented government, good access to the growing markets of the ASEAN countries and the Pacific rim, and minimal currency exchange controls, Thailand has considerable potential as a site for joint ventures, with the Canadian partner bringing technology and/or financing in return for an equity position in the Thai firm.

The Board of Investment offers a variety of incentives for foreign firms wishing to invest in Thailand, including tax incentives and exemptions from restrictions on landownership. As well, discussions have begun on a double taxation agreement and an investment insurance agreement between Canada and Thailand.