

- Press Malaysia to fully implement the Asean Free Trade Agreement (AFTA) by 2003. Currently, Malaysia has extended tariff protection for its automobile industry until 2005, limiting joint-venture and market opportunities for Canadian parts manufacturers.

## PHILIPPINES

### Overview

The Philippines is still experiencing slow economic growth following the Asian financial crisis.

Despite initial optimism in 2001 following the installation of a new government, the slowing U.S. economy, and the terrorist attacks in the United States have all negatively affected the economy of the Philippines. Growth in calendar year 2001 is nonetheless expected to remain positive (i.e. better than in some of its Southeast Asian neighbours).

The Philippine Government is committed to eliminating the budget deficit by 2006, but it appears that targets for this year may not be met due to poorer than expected revenue collection.

The Philippine Government sent a strong signal that it intends to pursue needed structural reforms by successfully enacting the Power Sector Reform Bill.

### Market Access Results in 2001

- Canada successfully developed with the Philippine Department of Agriculture a mutually acceptable protocol for the registration of Canadian animal feed ingredients derived through biotechnology.

### Canada's Market Access Priorities in 2002

- Continue to monitor the development of policies which may impact the importation of Canadian agri-food products, e.g. meat and meat products and fresh and frozen oysters.
- Monitor the development of the Philippine policy on labelling of foods derived through biotechnology.
- Monitor government decision-making in areas affecting Canadian imports and Canadian company investments for transparency and due process.
- Advocate the benefits of socially and environmentally responsible mining.

- Engage the Philippines in Canada's pursuit of a multilateral approach to the problems facing the steel industry.

### Investment

In 1998, Canadian direct investment in the Philippines was \$370 million. The largest Canadian investors in the Philippines are SunLife and Manulife.

Canadian investors face some challenges in the Philippine market. This is particularly so in the mining sector, where Canadian companies have experienced setbacks due to unpredictable and non-transparent decision-making involving Mineral Production Sharing Agreements and Environmental Clearance Certificates and due to the inability of Government at the local level to protect against the presence of illegal small-scale miners and processors.

## CAMBODIA

### Overview

Cambodia has a relatively open, market-oriented economy and Canadian exporters have not faced major market access barriers. Cambodia's period of economic growth continued in 2001, despite a global slowdown affecting the garment and tourism sectors. However, the IMF was satisfied with Government reforms in key area.

The Royal government of Cambodia has developed a Pro-Poor Trade Policy Strategy, under which Cambodia was selected as one of the three pilot countries under the Integrated Framework. This consists of the six core agencies (IMF, ITC, UNCTAD, UNDP, World Bank and the WTO). Cambodia has obtained its status as a WTO observer and is hoping to join the WTO soon.

Total bilateral trade from January to September 2001 was more than \$25 million. Canadian exports reached more than \$1.5 million, and Cambodian imports more than \$23 million.

### Market Access Results in 2001

- The Cambodian government has continued to liberalize foreign investment requirements in the country, and 100% foreign equity is now allowed in investments.