Continued Growth Provides Good Market for Canadian Products

THIS YEAR AGAIN, Malaysia's main economic indicators – the rate of growth, inflation rate, the balance of payments, as well as the level of unemployment – remain impressive. After an eight per cent real growth rate in 1980, the country is expected to continue to experience a similarly high rate of growth this year. The inflation rate also is expected to climb above the seven per cent of 1980, reflecting the rapidly developing economy and the government's expansionary policies. Even though many people are worried about this increase, they take some consolation at comparing the rate with other countries such as Canada where it is running at about 10 per cent.

Canadian firms have been reacting to these relatively new developments and have been visiting Malaysia in increasing numbers. Many of them are answering tenders and actively promoting their products and services, and there have been several successes. For its part, Malaysia sent a large investment mission to Canada last September and is organizing a trade mission for this October.

At the end of March the government launched the Fourth Development Plan (FMP) to cover the years 1981-1985. The plan forecasts total investments of M$102 billion, with public investment contributing M$28.5 billion and the private sector M$74.1 billion for economic development, with emphasis on infrastructure and other major projects. The main sectors of concentration will be energy and power; telecommunications; defence, with increased expenditures for new bases, facilities and equipment; industrial projects such as petroleum refineries, petro-chemical, pulp and paper and cement; and projects in the transportation sector covering all aspects of roads, airports, and ports.

Canadian exports to Malaysia have been growing at about 40 per cent a year during the last few years and have now reached $100 million. The prospects for the present year are very encouraging and another substantial increase should be realized. The main products sold to Malaysia are aluminum ingots, potash, newsprint, asbestos, semi-conductors, aircraft parts, telecommunications equipment and agricultural products such as wheat, tobacco and apples.

Canadian industrialists have also been looking at investment and joint ventures. Several areas are now being studied and it is anticipated that some decisions should be made in the near future. The Canadian government is assisting potential investors through such mechanisms as the Canadian International Development Agency's (CIDA) Industrial Co-operation Program, which gives financial assistance to interested firms to visit Malaysia to determine the economic viability of their projects and to identify local partners. Canadian investment will provide employment opportunities in Malaysia as well as transfer needed technology. Canadian firms will therefore benefit as they are provided with a share of a new market as well as a good investment. At the present time, the Canadian industrial presence in Malaysia is represented mainly by the Aluminum Company of Canada (Alcan), Bata Shoe, and Northern Telecom.

With an excellent trade and industrial climate existing both in Malaysia and Canada, it is safe to assume that the commercial ties between the two countries will continue to grow.

Philippine Exports Up by Thirty Per Cent

IN 1980 Philippine exports to Canada, or elsewhere for that matter, were slow or sluggish in view of the following factors: recession and marginal growth in Canada and other industrial countries including the United States, double digit inflation, slowdown in construction and housing activities, high unemployment, high interest rates, and restrictive trade measures to protect domestic industries. But despite these factors, Philippine trade with Canada continues to grow in desired directions.

For the last ten years (1969-1979) Philippine exports to Canada have grown consistently at an annual compounded growth of 42 per cent. The only exception to this export momentum was in 1974 when OPEC imposed its first oil embargo which affected Philippine trade expansion in Canada that year. Very few primary target countries of the Philippine export drive, including the United States, Japan, and Western European states, have exceeded this 42 per cent yearly growth of Philippine exports to Canada.

In 1980 Philippine exports to Canada reached $101.8 million – a growth of 30 per cent compared to the 1979 figure of $78.3 million. Total trade between the Philippines and Canada reached $209.7 million in 1980 compared to $163 million achieved in 1979, an increase of 34 per cent. The balance of trade increased slightly to a deficit of $900,000.

The leading traditional Philippine exports to Canada in 1980, in the order of importance, were coconut oil, canned pineapple, desiccated coconut, chromes in ores and concentrates, pineapple juice not concentrated, plywood mahogany unfinished, lumber mahogany and veneer mahogany.

The leading non-traditional exports of the Philippines to Canada in 1980 were integrated circuits, women's and girls' sandals, leather gloves and mittens, wrist watches, ceramic tableware, household furniture, children's outerwear, textile gloves and mittens, household baskets, boxes, cans and bags, dresses, windows, doors and window frames of wood, foundation garments, and dolls.

Canada's exports to the Philippines in 1980 amounted to $107.9 million compared to $84.7 million achieved in 1979. This represents an increase of $23.2 million in value or 27 per cent.

The top exports from Canada to the Philippines in 1980 were semi-conductors and parts, wheat, ammonium nitrate, wood pulp bleached kraft paper, blooms, billets and slabs, steel, iron ore, motor vehicles, zinc blocks, pigs and slabs, asbestos milled fibres, polyethylene resins, sulphur, infant and junior foods, man-made fibres, mining machinery, equipment and parts, copper, refinery shapes, and woodland log handling equipment.

The latest economic indicators which project the growth of Canada and the United States in the 1980s show that the Philippines will face continued constraints to export growth. Nonetheless, Philippine trade with Canada for the years ahead is projected to grow at the rate of 30 per cent per year.

The growth of Philippine exports to Canada will be mainly in non-traditional products where the country enjoys relative comparative advantage. These products include integrated circuits, digital watches, household furniture, construction materials, footwear, clothing, and other light manufactured products.

Prepared by the Philippine Embassy, Ottawa.