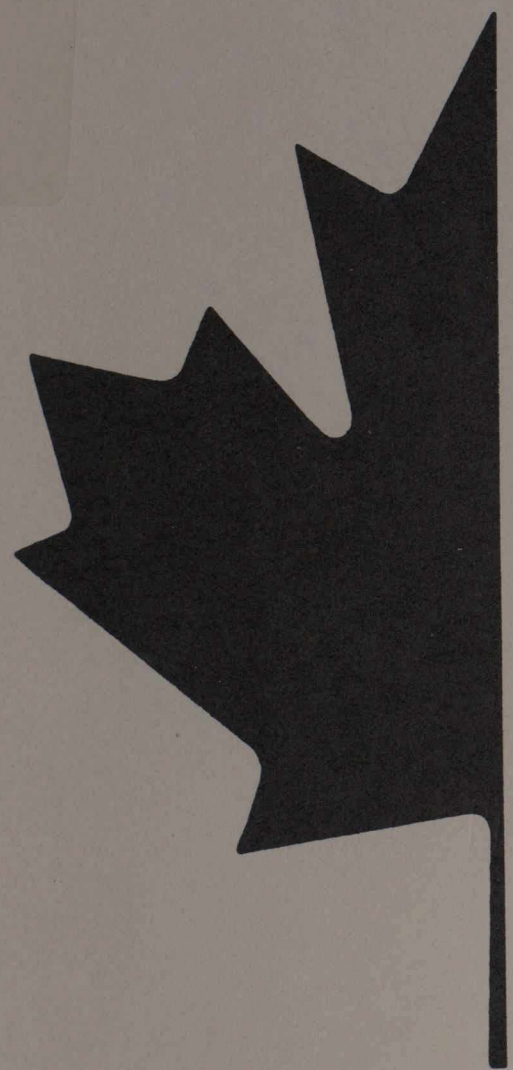


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Affairs and
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Commerce extérieur Canada



BANGLADESH

INDIA

NEPAL

PAKISTAN

SRI LANKA

UNION OF MYANMAR

**EXPORTER'S GUIDE
TO SOUTH ASIA**

1989

EXPORTER'S GUIDE TO SOUTH ASIA

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AN OVERVIEW TO SOUTH ASIA

AN OVERVIEW TO SOUTH ASIA

Canada and South Asia

South Asia comprises Afghanistan, Bangladesh, Bhutan, India, the Maldives, Pakistan, Sri Lanka, and, for our purposes, Myanmar (formerly Burma). The region contains approximately one billion people or one-fifth of the world's population. It is a vast area bordering on the Middle East, the Soviet Union, and China. Unlike among the countries of ASEAN, there have been few regional institutions or organizations to focus interests and to use as mechanisms for co-operation or to resolve problems until the founding of the South Asia Association for Regional Co-operation (SAARC) in 1985 (Afghanistan and Myanmar are not SAARC members).

South Asia remains relatively unknown and thus unimportant to many Canadians. Canada's relations with the region are still perceived to be essentially focussed on aid with few opportunities for broader contacts, including commercial relations. But our perceptions are blinding us to the fact that the region is changing rapidly. Canadians have yet to absorb fully the changes occurring in South Asia and their consequences for Canada.

Sustained growth has been a feature of both India and Pakistani economies over the past 10 years. While these two countries, along with Bangladesh and Sri Lanka, remain as major recipients of Canadian development assistance, our bilateral relationships are no longer asymmetrical and limited to one or two areas of activity. The potential for increased bilateral trade with India and Pakistan is enormous; both countries have a rapidly developing middle class (India's now exceeds 100 million people and is expected to more than double in the next decade) which is generating pressures for liberalization of the domestic economies and a relaxation of import controls.

Economically, India is a major industrial power, being tenth on a global basis, has a growing middle class, and has an increasingly well-trained and educated work force. Pakistan is also moving in the same direction, the pace of which should accelerate with its return to democratic government at the end of 1988. Relations between India and Pakistan have been difficult for most of the years since independence in 1947, but the current leadership of both countries is carefully laying the foundations for a more substantial and durable relationship in the future. Improved relations between India and Pakistan will have positive ramifications throughout South Asia, resulting in increased resources being diverted to the productive sectors of the several national economies. Virtually all countries of the region, including Bangladesh, Myanmar, and Sri Lanka, are actively beginning to seek foreign capital and are modifying their laws so as to encourage foreign investment in their economies.

A major development over the past decade has focussed on population flows. Canada is increasingly becoming a destination for South Asian immigrants, and there are now over 300,000 residing here who have come from the area. As these numbers grow, they will facilitate the development of closer and increased business relationships and contacts between Canada and the countries of South Asia. They will also cause us to learn more about their countries of origin, which, in turn, will affect the way Canadians come to view the area in the future and its potential.

Canada's gaze has been shifting gradually to Asia. This shift has been driven to a great degree by the imperatives of trade. It will continue, and South Asia's participation will grow. Traditional ties, rooted in development assistance and the Commonwealth connection, are expanding to include more trade, investment, immigration, and institutional linkages. In conclusion, we paraphrase the writer who said that while Asia has only been a small part of Canada's past, it will be a large part of our future.

AN OVERVIEW TO CANADA

Geography

Canada is a vast country, stretching from the Atlantic Ocean in the east to the Pacific Ocean in the west, and from the Arctic Ocean in the north to the Gulf of Mexico in the south. It is the second largest country in the world by total area, covering 9,984,670 square kilometers (3,855,100 square miles). The population is approximately 38 million people, with a high concentration in the southern part of the country. The capital is Ottawa, and the largest city is Toronto. The official languages are English and French.

Canada is a constitutional monarchy, with the Queen of Canada as the head of state. The Prime Minister is the head of government. The country is a member of the G7, G20, and the North Atlantic Treaty Organization (NATO). It is also a member of the Organisation for Economic Co-operation and Development (OECD) and the World Trade Organization (WTO). The country is known for its high standard of living, social stability, and political freedom.

Canada is a diverse country, with a wide range of ethnicities and cultures. The majority of the population is of European descent, but there are also significant populations of Chinese, Indian, Black, and other ethnic groups. The country is known for its multiculturalism and tolerance. The official languages are English and French, but many other languages are spoken in different parts of the country. The country is also known for its natural beauty, with many national parks and scenic areas.

Canada is a developed country, with a high standard of living and a strong economy. The country is a member of the G7, G20, and the North Atlantic Treaty Organization (NATO). It is also a member of the Organisation for Economic Co-operation and Development (OECD) and the World Trade Organization (WTO). The country is known for its high standard of living, social stability, and political freedom. The country is also known for its natural beauty, with many national parks and scenic areas.

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CENTRAL

The Government of Bangladesh has decided to...

...

INTERNATIONAL AND DOMESTIC

The Government of Bangladesh has decided to...

...

BANGLADESH

...

INTERNATIONAL

...

...

...

INTERNAL

...

BANGLADESH

GENERAL INFO

Bangladesh is surrounded by India except for the portion touching Myanmar and the Bay of Bengal. It has an area of 144,555 sq. km. The population is 106.5 million, growing at 2.4% p.a.. 85% of the population is Moslem, 12% are Hindu and the rest are Christian, Buddhist, or animist. Bangla (Bengali) is the official language, and is spoken by 98% of the population. English is spoken in business circles.

Bangladesh was created from the partition of India by the British in 1947. Known as East Pakistan, in 1971 it separated to become Bangladesh.

POLITICAL AND ECONOMIC SITUATION

Bangladesh is a constitutional republic. General Ershad assumed power in 1982 and the Presidency in 1983. The return of civilian rule and elections held in 1986 confirmed him as President for the Jatiya (National) Front party. The Prime Minister is Moudud Ahmed. Bangladesh returned to civilian rule in 1986.

The per capita income is \$170 U.S., making Bangladesh one of the poorest LLDC's. The economic base is agricultural, and subject to disruptions from flooding and drought. President Eshad's economic policies have centered on the achievement of self-sufficiency in food production, privatization of the industrial sector, diversification of the economy, and a reduction of the birth rate. Modest success has been achieved despite several natural disasters. Recently President Ershad has introduced a "New Industrial Policy" to encourage labour-intensive non-traditional exports.

Foreign debt is \$8.85 billion, with debt servicing at 23%. Bangladesh's trade deficit is \$1,176 million. Bangladesh's major exports of jute, jute products, garments and frozen seafood do not cover its imports which are primarily food. Real growth is 2.5%.

FOREIGN RELATIONS

Bangladesh's relationship with India is its most important. Bangladesh has a Joint River Commission on water sharing with upstream riparian India.

Bangladesh is a member of the UN, the Commonwealth, the Organization of the Islamic Conference, the NAM and SAARC. President Ershad hosted the first meeting of SAARC in Dhaka in December of 1985. Bangladesh has maintained a high profile on North/South issues. While a member of the non-aligned movement, Bangladesh follows a moderately pro-Western policy.

Bangladesh's major trading partners are the USA and Japan.

BILATERAL RELATIONS

Canada's relations with Bangladesh are very good, largely due to our aid programme and our reputation as being a good and close friend since 1971. Bangladesh is the largest recipient of Canadian aid. Prime Minister Trudeau visited Dhaka in November 1983. The visit to Canada in June 1983 of the Bangladesh Energy Minister, Sultan Mahmood, generated interest among Canadian exporters. In February 1987, Joe Clark became the first Canadian Secretary of State for External Affairs to visit Bangladesh. President

Ershad visited Canada in October 1987 to attend the Commonwealth heads of Government meeting in Vancouver. During this visit Minister Clark hosted a luncheon for the President to meet prominent Canadian businessmen.

In September 1987, a new five year bilateral restraint agreement concerning five categories of garment and textile products was reached. Full account was taken by Canada of Bangladesh's status as an LLDC, and Bangladesh accordingly received the highest growth rate for textile exports to Canada of any country with which we have reached an agreement. The annual growth in export restraint level range from 6% to 7.5%. In February 1988, a new restraint on sportswear was negotiated with Bangladesh. It provides annual growth rates of 6% for the balance of the arrangement.

Canada and Bangladesh have concluded bilateral negotiations on the text of a Foreign Investment Insurance Agreement. Signature of this agreement will take place in Dhaka after the preparation of a Bangla language text of the agreement.

COMMERCE

Canadian exports to Bangladesh totalled \$127.1 million in 1988. Imports from Bangladesh were \$30.4 million.

Canadian exports to Bangladesh are largely financed under CIDA bilateral and food aid programs (90% in 1988). Although wheat shipments to Bangladesh have declined in the past few years, they continue to account for more than half of total Canadian exports.

CANADIAN MARKETING OPPORTUNITIES

- 1) Oil and Gas Equipment and Services
- 2) Power and Energy Equipment and Services
- 3) Grains and Oilseeds
- 4) Telecommunications Equipment and Services

CONTACTS

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BRIEF-BANGLADESH

AREA: 144,555 sq. km

POPULATION: 106.5 million

CAPITAL: Dhaka

SYSTEM OF GOVERNMENT: Constitutional Republic

HEAD OF STATE: Hossain Mohammad Ershad PRIME MINISTER: Moudud Ahmed

LANGUAGE: Bangla (Bengali) 98%
English, Urdu

ETHNIC BACKGROUND: 98% Bengali,
250,000 Biharis, under 1 mn. tribal

GDP: \$19.3 bn

PER CAPITA INCOME: \$170 U.S. CURRENCY: 27.1 Takas = \$1 Cdn.

INFLATION RATE: 11% UNEMPLOYMENT RATE: N/A REAL GDP: 2.5%

MAJOR TRADING PARTNERS (1988):

Exports (Total: \$1,231 mn. U.S.)

1. USA	31%
2. Italy	9%
3. Japan	6%
4. UK	6%
5. USSR	3%

Imports (Total: \$2,987 mn. U.S.)

1. Japan	13%
2. Singapore	8%
3. USA	8%
4. India	5%
5. UK	5%

CANADIAN TRADE STATISTICS (in Cdn \$ mn)

	1986	1987	1988
Exports	101.3	124	127
Imports	18.5	23	30
Balance	+92.8	+101	+97

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS:

1. Oil and Gas Equipment and Services
2. Power and Energy Equipment and Services
3. Grains and Oilseeds
4. Telecommunication Equipment and Services

RESIDENT CANADIAN BANKS None

CANADIAN REPS.

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REPS IN CANADA

High Commissioner His Excellency Brigadier A.N. M. Nurussaman, 85 Range Road, Suite 402, Ottawa, Ontario, K1N 8J6 Tel: (613) 236-0138

Major Canadian Exports to Bangladesh

(\$000s)

1988

Wheat nes and meslin	64,253
Rail locomotives, diesel-electric	25,013
Potassium chloride, in packages weighing more than 10 kg	8,655
Mustard seeds, whether or not broken	5,487
Aluminium unwrought, not alloyed	2,740
Chemical Wood pulp, dissolving grades	2,513
Radio-broadcast receivers nes	2,141
Sulphur, crude or unrefined	2,043
Locomotive parts nes	1,915
Chemical wood pulp, soda or sulphate	1,150
Asbestos	1,006
Contraceptive preparations based on hormones or spermicides	1,000
Chemical Wood pulp, sulphite, coniferous	917
Driving bogies and bissel-bogies	809
Parts for diesel and semi-diesel engines	791
Polyethylene having a specific gravity of less than 0.94	790
Wire aluminum, not alloyed, with a max cross sectional dimension exceeding 7mm	772
Wire aluminum alloy, with a maximum cross sectional dimension exceeding 7mm	748
Flat rolled prod. i/nes, not in coil cr 600mm wide, nes	<u>496</u>
Sub-total	123,239
Other	3,864
Total	<u>127,103</u>

RESIDENT CANADIAN TRADE OFFICE
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REPS IN CANADA
High Commissioner for Bangladesh, 85 Range Road, Suite 402, Ottawa
Ottawa, K1M 1B5 Tel: (613) 993-5138

Major Canadian Imports From Bangladesh

(\$000')

	<u>1988</u>
Woven fabrics of jute or of other textile bast fibres, unbleached	6,157
Shrimps and prawns, frozen, in shell or not, including boiled in shell	3,130
Frog legs, fresh, chilled or frozen	2,697
Mens/boys shirts, of man-made fibres	1,658
Mens/boys shirts, of cotton, not knitted	1,455
Womens/girls trousers and shorts, of cotton, not knitted	1,239
Pullovers, cardigans and similar articles of man-made fibres, knitted	<u>1,053</u>
Sub-total	17,389
Other	<u>13,010</u>
Total	<u>30,399</u>

INDIA

INDIA

GENERAL INFO

India has an area of 3,287,263 km sq, the equivalent of about 1/3 the size of Canada. The population of 833 million, is growing at 2.1% p.a. and is composed of Indo-Nordics 72%, Dravidians 25%, with 3% being Mongoloids, Parsis, Jews, and Anglo-Indians. 85% of the population is Hindu, 11% are Muslim, 3% are Christian and 2% are Sikh. Hindi is the most widely used of the 17 official languages. English, while not official, is commonly used in international business and government.

Formerly a British colony, the rise of nationalism in India after World War 1 resulted in India gaining its independence in 1947.

POLITICAL AND ECONOMIC SITUATION

India is a federal republic, consisting of 25 states and 7 union territories. The President is Ramaswamy Iyer Venkataraman. Prime Minister Rajiv Gandhi is the son of the late Prime Minister Mrs. Indira Gandhi and the grandson of the country's first Prime Minister Jawaharlal Nehru. The Congress party won the 1984 elections thus new elections should be held by the end of 1989.

The per capita income is \$270 U.S. Despite this, the size of the total population has resulted in a large middle class market of approximately 100 million which is fast increasing. India's economic strategies are set out in 5 year plans with the Eighth five year plan beginning in 1990. Emphasis is expected to be placed on providing power to meet the growing needs of industry and consumers.

Rajiv Gandhi's election led to the introduction of economic reforms in 1985, resulting in increased economic liberalization. While a number of factors have led to a slowdown in these reforms, there has not been a substantial change in long-term economic plans. At the policy level, changes to legislation are continuing to be made to liberalize the regulatory regime currently constraining industry. The tax system has been simplified and consideration is being given to allowing the private sector to invest in areas such as power generation which have been the preserve of the public sector.

Since the late 1970's, India's constant economic growth and enhanced self-sufficiency have substantially improved its economic capabilities. Real GDP growth will average close to 5% over 1985-90 (7th five-year plan). The resulting international consensus concerning India's economic position has led to India now considering proposals with higher proportion of the financing based upon commercial terms and the declining proportion of concessional financing. However, as foreign debt has reached \$54.7 bn. U.S. with debt servicing accounting for 26% of current account receipts and an annual trade deficit of \$7,000 million U.S. a year India is attempting to conserve foreign currency spent on its industrialization projects. A large percentage of foreign currency reserves are being spent on capital goods and defense related projects.

FOREIGN RELATIONS

India has taken great pride in its role as a founding member of the Non-Aligned Movement (NAM), and has based its foreign policy on the principle of non-alignment. India has always argued that their 'special relationship' with the USSR did not preclude warm ties to the West. In addition to the NAM, India is active in the UN, GATT, Commonwealth and supported the creation of the South Asian Association for Regional Co-operation in 1985. Relations with Pakistan have been strained since partition in 1947 but the

recent election of Prime Minister Bhutto has provided significant opportunity for positive progress.

The USSR is a major trading partner, partly due to the Ruble-Rupee currency agreement between the USSR and India which grew out of their earlier ties. The USSR remains second only to the USA as a trading partner for India. However Japan, the U.K., France and Germany are also important trading nations to India.

BILATERAL RELATIONS

Canada's ongoing relationship with India is multi-dimensional. It encompasses our interest in India's geopolitical role both regionally and internationally. Substantial trade with India in traditional commodities, ongoing and newly emerging commercial and economic interests and investments are important, as well as the immigration/cultural dimension. Historically, Canada has been a leading aid donor to India.

Annual Ministerial (at the Foreign Minister level) and Senior Officials Economic Consultations with India were established during Mr. Clark's visit to that country in 1985. These consultations focus on a wide range of bilateral and multilateral political and economic issues of mutual interest. This first round of these consultations took place in New Delhi in February 1987 in conjunction with Mr. Clark's visit to India.

A MOU on industrial-cooperation between Canada and India was signed in February 1987, leading to the formation of a working group to discuss co-operation in coal development which has led directly to signing of one major coal project Rajmahal as well as another in the initial discussion stage. Yamunanagar and Chamera Chamba, thermal and hydro projects, also grew out of MOU's.

India is also a beneficiary of Canada's General System of Preferences(GSP).

COMMERCE

1988 exports were \$393 million Canadian. India is Canada's sixth largest export market in Asia. 1988 Imports were \$205 million Canadian. While the statistics show a dependence on primary and semi-processed goods, these figures do not include such invisibles as contracts for design engineering, construction services and royalties, dividends, and fees for transfers of technology. These types of service contracts constitute a sizeable element of the broader commercial relationship between Canada and India.

The Indian Government, in one form or another, is the customer for a sizeable percentage of Canada's exports to that country. Most commodities are "canalized" through government trading agencies such as the Minerals and Metals Trading Corporation and the State Trading Corporation. Other important public sector purchasers include the Oil and Natural Gas Commission, Oil India Limited, the central and state power authorities, the Steel Authority of India Ltd., Hindustan Zinc Ltd., Hindustan Copper Ltd., and Coal India Ltd. The Canadian Commercial Corporation (CCC) can play a positive role in helping exporters, due to the Indian penchant for a government to government framework.

The Canadian Export Development Corporation recently has become very active in India, keeping pace with the rapidly growing interest of the Canadian private sector in doing business in India. A parallel loan agreement totalling \$650 million was signed with the government of India by the EDC and CIDA in 1983, for the Chamera Hydro electric project for which Canada will supply goods and services. This has led to a follow up on a project currently being negotiated for an extension to Chamera again featuring EDC/CIDA financing. A second significant initiative involves the oil and gas sector where a \$200 million line of credit exists and which has been instrumental in assisting a number of Canadian exporters in securing contracts from the Oil and Natural Gas Commission.

Major successes are as follows:

Chamera I 1984 (almost complete) hydro project
Chamera Chamba (awarded) hydro project
Rajmahal January 1989 (signed) coal mine project
CAE Electronics flight test simulators

CANADIAN MARKETING OPPORTUNITIES

- 1) Power
- 2) Food Processing
- 3) Oil and Gas
- 4) Telecommunications
- 5) Transportation
- 6) Electronics

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BRIEF-INDIA

AREA: 3,287,263 sq. km. POPULATION: 833 million
CAPITAL: New Delhi SYSTEM OF GOVERNMENT: Parl. Republic
HEAD OF STATE: Ramaswamy Venkataraman PRIME MINISTER: Rajiv Gandhi
LANGUAGE: Hindi is most widely used of 17 official languages. English is common. ETHNIC BACKGROUND: Indo-Nordics, Dravidians, Mongoloids, Parsis, Jews, Anglo-Indians

GDP: \$240 bn. U.S. PER CAPITA INCOME: \$270 U.S. CURRENCY: 12.8 Rupees = \$1 Cdn.

INFLATION RATE: 9.0% UNEMPLOYMENT RATE: N/A REAL GDP: 5%

MAJOR TRADING PARTNERS (1988):

Exports (Total: \$12,300 mn U.S.)

1. USA	19%
2. USSR	15%
3. Japan	11%
4. UK	6%
5. W. Germany	6%

Imports (Total: \$19,300 mn U.S.)

1. Japan	13%
2. USA	10%
3. UK	10%
4. W. Germany	8%
5. USSR	5%

CANADIAN TRADE STATISTICS: (in Cdn \$ mn.)

	1986	1987	1988
Exports	347,644	270,999	393,084
Imports	165,405	170,867	205,030
Balance	+182,239	+100,132	+188,054

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS:

1. Power
2. Food Processing
3. Oil and Gas
4. Telecommunications
5. Transportation
6. Electronics

EDC STATUS: Open for Sec 29 fin. & credits ins. CIDA STATUS: Country Program
Sec 31 concessional financing subject to established reference levels

RESIDENT CANADIAN BANKS: Bank of Nova Scotia, Bombay, Richard Joll

CANADIAN REPS:

Robert Logie, Counsellor (Commercial), Canadian High Commission, P.O. Box 5208, New Delhi, Republic of India Tel: (011-91-11) 60-8161 Telex: 031-72363 DMCN IN Fax: (011-91-11) 60-8161 ext. 401

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INDIA REPS IN CANADA:

High Commissioner - His Excellency Surbir Jit Singh Chhatwal, 105 Springfield Road, Ottawa, Ontario K1M 1C9, Tel: (613) 744-3751

Major Canadian Exports to India

(\$000')

	<u>1988</u>
Newsprint, in rolls or sheets	56,099
Rape, colza or mustard oil crude	48,657
Potassium chloride in packages weighing more than 10 kg	40,171
Asbestos	30,571
Chemical wood pulp, soda or sulphate, coniferous, semi-bl or bleached, nes	26,596
Rails, iron or steel	22,073
Sulphur, crude or refined	13,821
Flight simulators and parts thereof	10,686
Parts of hydraulic turbines & water wheels including regulators	10,088
Wheat nes and meslin	8,733
Parts of electric motors, generators generating sets and rotary converters	5,237
Naphthalene	5,043
Flours and meals of oil seeds or oleaginous fruits, except mustard, nes	4,914
Chemical wood pulp, sulphite, coniferous semi-bleached or bleached, nes	4,906
Standard wire, cables, plaited bands, etc alum, steel core, not elect insul	4,587
Chemical wood pulp, dissolving grades	4,238
Structures and parts of structures, i or s (excl) prefab bldgs or heading no. 9406	3,979
Digital process units whether or not presented with the rest of a system etc	3,952
Semi-chemical wood pulp	3,801
Towers and lattice masts, iron or steel	3,788
Parts of gas turbines nes	3,400
Sub-total	315,340
Other	77,744
Total	<u>393,084</u>

Major Canadian Imports from India

(\$000')

	<u>1988</u>
Carpets of wool or fine animal hair, knotted	13,696
Petroleum oils and oils obtained from bituminous minerals, o/than crude etc	11,710
Women's/girls blouses and shirts, of cotton not knitted	10,770
Mens/boys shirts, of cotton, not knitted	10,758
Pepper of the genus Piper, except cubeb pepper, neither crushed nor ground	8,333
Diamonds unsorted whether or not worked	4,440
Cashew nuts, fresh or dried, whether or not shelled or peeled	3,778
Rice, semi-milled or wholly milled whether or not polished or glazed	3,672
Womens/girls ensembles, of cotton not knitted	3,579
Handbags with outer surface of leather	3,436
Footwear, outer soles and uppers of leather nes	3,298
Statuettes and other ornaments, nes	3,289
Coffee, not roasted, not decaffeinated	3,137
T-shirts, singlets and other vests of cotton, knitted	2,859
Bars & rods, stainless steel, nfw than cold formed or cold finished	2,724
Carpets of other textile materials, knotted	2,258
Table, kitchen or other household articles and parts thereof of copper	2,184
Diamonds non-industrial nes excluding mounted or set diamonds	2,146
Womens/girls dresses, of cotton, not knitted	2,145
"Kelem", "Schumacks", "Karamanie" and similar textile hand-woven rugs	2,139
Goat or kid skin leather, nes	2,120
Black tea (fermented) & partly fermented tea in packages exceeding 3 kg	<u>2,054</u>
Sub-total	104,525
Other	100,505
Total	<u>205,030</u>

Note: Imports shown are based on country of origin. However, prior to 1988, imports were published based on country of consignment/export basis.

NEPAL

NEPAL

GENERAL INFO

Nepal is a landlocked country, situated between India and China. It is 141,000 sq. km. in size, approximately equal to England. The population of 18 million is increasing at 2.6%p.a. The two principal ethnic groups are the Tibetans or Mongolians, and the Aryans (Caucasian). Nepal is the world's only Hindu kingdom, with 90% of the population being Hindu. There are small Buddhist, Muslim and Christian minorities. While the official language is Nepali, it is only spoken by about 52% of the population. There are also several dialects of Indo-European or Tibetan origin. English is spoken and understood by the educated and in the larger centres, but is little known upcountry. Never colonized, Nepal has historically been a separate kingdom.

POLITICAL AND ECONOMIC SITUATION

The constitution of Nepal was promulgated in 1962. It states that the sovereignty of Nepal is vested in the King, his Majesty Maharajadhiraja Birendra Bir Bikram Shah Dev. All powers--executive, legislative and judicial--rest with the monarch.

Nepal possesses a four-tiered, (village, town, district and national level) partyless Panchayat system of representation. The King exercises absolute power, with the Prime Minister and the Cabinet (whose members the monarch appoints from the Rashtriya Panchayat, or National Assembly, a majority of whom are elected) acting in an advisory capacity. The Cabinet is responsible to the Rashtriya Panchayat, but the King retains the power to grant or withhold consent to bills at his discretion.

The current Prime Minister is Marish Man Singh Shrestha.

Annual per capita income is approximately \$175 U.S. With 91% of the labour force engaged in agriculture, the Nepalese economy and foreign exchange earnings are heavily dependent upon this sector. Tourism, while it employs fewer people, is significant for the currency it earns. GDP is \$3.1 bn with a real growth rate of 7.1%. Foreign debt is \$9 bn, with debt servicing charges accounting for 8% of current account receipts.

FOREIGN RELATIONS

Nepal has been a member of the non-aligned movement, where it has generally taken a moderate position. One example of this strategy is the promotion of Nepal as a "Zone of Peace", which is also related to Nepal's situation between India and China. Nepal's emphasis on the needs of landlocked nations in the North-South dialogues have also reflected its location.

Besides joining the UN, Nepal is a member of the South Asia Association for Regional Cooperation(SAARC). SAARC, whose secretariat is based in Kathmandu, has enabled Nepal to explore its regional interests in a multilateral forum.

Nepal's relationship with India is of primary importance to it in trade. India is not only Nepal's most important bilateral trading partner but also, because of Nepal's landlocked status, virtually all Nepalese imports and exports must move through Indian territory. The importance of the relationship was recognized in the 1950 Indo-Nepalese Expression of Friendship Treaty between the two countries. In 1978 Trade and Transit treaties were signed between Nepal and India. They have recently expired, and the two

countries are involved in negotiations concerning the future format of trade and transit relations between the two countries.

BILATERAL RELATIONS

Canada and Nepal established diplomatic relations in 1965. Canada's relations with Nepal are conducted through the Canadian High Commission in Delhi. Canadian aid to Nepal has been a major factor in our relations.

Nepalese exports to Canada are eligible for duty free entry under the Canadian GSP and are subject to more liberal rules of origin.

COMMERCE

In 1988 Canadian exports totalled \$3 million, down from 1987's figure of \$3.7 million but still higher than average. Imports for 1988 reached \$2 million, doubling 1987's figure.

Commercial opportunities are limited with project funding normally supplied by CIDA, the World Bank, or the Asian Development Bank.

Canadian companies have been active in Nepal in the areas of hydro power development, road construction, and aircraft sales and maintenance. Himalayan Power Consultants (HPC), a consortium of Canadian firms including Acres International, SNC, and Lavalin International, has recently been awarded the pre-feasibility study for the World Bank financed Karnali/Chisipani Power Project. Other Canadian companies have been involved in the construction of the new airport facility in Kathmandu which will be opened soon. N.J. Lea and Associates are involved with the construction of several roads. As well, Petro Canada International is carrying out a major survey for oil and gas.

CANADIAN MARKETING OPPORTUNITIES

There exist a potential for Canadian companies in the areas of technical assistance for major projects in water and energy, as well as consultancy and engineering services in general.

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BRIEF-NEPAL

AREA 141,000 sq.km. POPULATION 18 million
CAPITAL Kathmandu SYSTEM OF GOVERNMENT Monarchy
HEAD OF STATE His Majesty Maharajadhiraja Birendra Bir Bikram Shah Dev PRIME MINISTER Marish Man Singh Shrestha
LANGUAGE Nepali ETHNIC BACKGROUND Mosaic of 12 races,
Principal groups are Tibetan and Mongolian
GDP \$3.1 bn. US PER CAPITA INCOME \$175 CURRENCY 21.4 Nepali rupees = \$1 Cdn.
INFLATION RATE 12.5% DEBT SERVICES RATIO 8% UNEMPLOYMENT RATE N/A

MAJOR TRADING PARTNERS(1988)

Exports (Total: \$160 mn U.S.)

1. India	44%
2. USA	20%
3. W. Germany	10%
4. UK	6%
5. Singapore	4%

Imports (Total: \$525 mn U.S.)

1. India	40%
2. Japan	13%
3. Singapore	7%
4. W. Germany	3%

CANADIAN TRADE STATISTICS (in Cdn \$ mn.)

	1986	1987	1988
Exports	1,175	3,744	2,945
Imports	813	846	1,676
Balance	+363	+2,898	+1,269

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS

1. Power and Energy Equipment and Services
2. Irrigation facilities and Equipment
3. Transportation
4. Telecommunication Equipment
5. Wood Pulp

EDC STATUS Limited Exposure

CIDA STATUS Country Program

RESIDENT CANADIAN BANKS None

CANADIAN REPS.

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REPS. IN CANADA

Counsellor and Charge d'Affaires Mr. Singha Bahadur Basnyat c/o Embassy of Nepal, 2131 Lerow Place N.W., Washington, D.C. 2008 U.S.A. Tel: (202) 667-4550

Major Canadian Exports To Nepal

(\$000s)

1988

Contractors equipment to be ret'd to Can or re-exp after completion of contract	709
Wheat nes and meslin	633
Cont-action elevators/conveyors for goods/mat. belt type mes	322
Surveying, hydrographic, oceanographic, meteorological or geophysical inst nes	240
Mustard Seeds, whether or not broken	184
Parts of lifts, skip hoist or escalators	173
Vaccines, human use	<u>124</u>
Sub-Total	2,385
Other	560
Total	<u>2,945</u>

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RESIDENT CANADIAN BARRISTERS
 EDC STATUS: Limited Exposure
 CIDA STATUS: Country Program

MAIN SECTOR OF OPPORTUNITY FOR CANADIAN BUSINESS
 1. Power and Energy Equipment and Services
 2. Irrigation Facilities and Equipment
 3. Transportation
 4. Telecommunications and Information Systems
 5. Woodchip

CANADIAN TRADE STATISTICS (1988)
 Exports: 1.1 billion, Imports: 1.1 billion, Balance: 0.0 billion

CANADIAN TRADE STATISTICS (1988)
 Exports: 1.1 billion, Imports: 1.1 billion, Balance: 0.0 billion

Major Canadian Imports From Nepal

(\$000s)

	<u>1988</u>
Mens/boys shirts, of cotton, not knitted	504
Rndabts, swings, shoot galleries, fairgrnd amusements & tray circus, gall & theatres	466
Articles of jewellery ant pts thereof of	<u>209</u>
Sub-Total	1,179
Other	497
Total	<u>1,676</u>

PAKISTAN

PAKISTAN

GENERAL INFO

Pakistan is a country of some 803,943 sq. km. The population is 105 million and is growing at the rate of 3.1% per annum. The predominant ethnic group is Punjabi, with a smaller number of Sindhis and a variety of tribal peoples. The official language is Urdu, with other languages being Punjabi, Sindhi, Pushtu, Baluch. The population is 97% Muslim, with the remaining 3% being Christians, Hindus, and Parsis.

The independent state of Pakistan was created from the partition of India by the British in 1947.

POLITICAL AND ECONOMIC SITUATION

Since 1947 Pakistan has been ruled by a succession of military governments and civilian regimes. Shortly after the death of General Zia in 1988, democratic elections saw the Pakistan People's Party obtain the largest number of seats in the National Assembly. Its leader, Benazir Bhutto, was sworn in as Prime Minister in December 1988. Acting President Ishaq Khan was confirmed as President later the same month.

The per capita income is \$375 U.S. The agricultural sector plays a major role in the Pakistan economy. However the recent Seventh Five Year Plan focuses on modernizing industrial growth, partly through joint ventures. Foreign debt has reached \$16.5 bn with debt servicing accounting for 25% of the current account receipts. Pakistan is currently running a trade deficit of \$2,542 million U.S. Real growth of GDP is about 5.8%.

FOREIGN RELATIONS

The impact of the war in Afghanistan on Pakistan's foreign policy has been significant. Three million Afghan refugees are living within Pakistan's borders. Pakistan has followed a strongly pro-western policy, one born out of its strategic location. Pakistan's relations with the USSR show signs of improving with the withdrawal of the USSR's forces from Afghanistan.

Pakistan's relationship with India, and their common border, is of paramount importance. Their relationship seems to be improving, with the two countries having just signed three bi-lateral agreements, including an agreement not to attack each other's nuclear facilities, and another one on Double Taxation.

Pakistan is a member of the U.N., the Organization for Islamic Conferences and South Asia Association for Regional Co-operation. The most recent SAARC meeting was held in Islamabad.

Major trading partners are the USA, Japan, W. Germany, UK and Saudi Arabia. Pakistan has benefitted economically from US support for the Afghanistan Mujahadeen refugees in Pakistan.

BILATERAL RELATIONS

Canada enjoys good relations with Pakistan dating back to Pakistan's independence. Initially based on Canadian aid (third largest recipient in Asia), it is now based on Canada's strong support for the Afghan refugees in Pakistan.

The latest Senior Officials Consultations between Canada and Pakistan were held in February 1988, and the next consultations are scheduled for 1989. In 1989 Canada took a Thermal Power Mission and a Oil and Gas Mission to Pakistan. An incoming Defence Mission is slated for later this year and an outgoing Agriculture Mission will be held in early 1990.

Pakistan textiles, the largest import item, are subject to a restraint arrangement agreed to by both governments on October 2, 1986. This is an extension of the Multi-Fibre Agreement. Pakistan is eligible for General Preference Tariffs with Canada. A double-taxation treaty has been in place since 1972.

COMMERCE

1988 Canadian exports amounted to \$86.6 million, an increase of 5% over the previous year. The level of Canada's exports to Pakistan is relatively small compared to the country's annual import market of \$6.5 billion. In 1988 Canada imported \$78.5 million worth of goods from Pakistan, an increase of 28.7% from 1987. Approximately half of Canadian exports to Pakistan are financed by CIDA bilateral aid programs. Multilateral aid provided by the World Bank and its affiliates, the Asian Development Bank and several Middle East investment sources also make up a large portion of the rest of Canadian exports.

There is a surprisingly high level of awareness of Canadian capabilities in many sectors because of CIDA. CIDA has committed or disbursed more than \$1 billion over the last 35 years. In power generation and transmission, railways, and the oil and gas sectors Canadian companies and their capabilities are well known with a proven track record and in some cases even a base of spare-part sales to help sustain their marketing efforts.

Canada's main clients have traditionally been in the public sector, and several key government agencies have difficulty carrying out procurement decisions efficiently. As a result, major projects which are of interest to Canadian companies have often suffered from long and confusing delays. Prospects for significantly increasing Canadian export levels will be difficult to achieve unless we expand our sales into several new sectors simultaneously and encourage Canadian companies to investigate collaborative opportunities.

CANADIAN MARKETING OPPORTUNITIES

- 1) Power and Energy Equipment and Services
- 2) Defence Programs, Products and Services
- 3) Oil and Gas Products and Services
- 4) Agricultural Equipment, Food Products and Services

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BRIEF-PAKISTAN

AREA: 803,943 sq. km.

POPULATION: 105 million

CAPITAL: Islamabad

SYSTEM OF GOVERNMENT: Parliamentary

HEAD OF STATE: Ghulam Ishaq Khan

PRIME MINISTER: Benazir Bhutto

LANGUAGE: Urdu (official) also
Punjabi, Sindhi, Pushtu, Baluch
English is common in business

ETHNIC BACKGROUND: Punjabi, Sindhi,
Pathan, Baluch and a variety of tribal

GDP: \$38.5 bn. US

DEBT SERVICE RATIO: 25%

UNEMPLOYMENT RATE: N/A

INFLATION RATE: 11%
Cdn.

PER CAPITA INCOME: \$375

CURRENCY: 16.1 Pakistani Rupees = \$1

MAJOR TRADING PARTNERS (1988)

Exports (Total: \$4,341 mn. U.S.)

1. USA	11%
2. Japan	11%
3. W. Germany	7%
4. UK	7%
5. Italy	6%

Imports (Total: \$6,883 mn. U.S.)

1. Japan	15%
2. USA	11%
3. W. Germany	8%
4. Kuwait	8%
5. UK	7%

CANADIAN TRADE STATISTICS (in Cdn \$ mn.)

	1986	1987	1988
Exports	64,848	82,055	86,583
Imports	146,858	57,395	80,689
Balance	-82,010	+24,660	+4,894

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS

1. Power and Energy Equipment and Services
2. Defence Programs, Products and Services
3. Oil and Gas Products and Services
4. Agricultural Equipment, Food Products and Services

EDC STATUS available

CIDA STATUS major recipient country

RESIDENT CANADIAN BANKS None

CANADIAN REPS.

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Major Canadian Exports to Pakistan

(\$000')

	<u>1988</u>
Stranded wires, cables, plaited bands and KGM the like or alum not elect insul nes	9,913
Newsprint in rolls or sheets	6,726
Taps, cocks, valves and similar	6,423
Canola and mustard seed/oil	6,217
Wheat nes and meslin	6,067
Bituminous coal, whether or not pulverised but not agglomerated	5,736
Polypropylene	5,515
Asbestos	3,272
Locomotives parts nes	2,584
Paper, sack kraft, in rolls, unbleached, uncoated	2,377
Iron ores and concentrates, other than roasted iron pyrites, non-agglomerated	2,068
Artificial filament tow	1,886
Non-domestic, non-electric dryers nes	1,513
Mach for working rubber or plastics or for the mfr of prods form these mat nes	1,422
Lifting handling, loading or unloading machinery nes	<u>1,098</u>
 Sub-total	 62,817
Other	23,766
Total	<u>86,583</u>

Major Canadian Imports from Pakistan

(\$000')

	<u>1988</u>
Carpets or wool or fine animal hair, knotted	6,220
Womens/girls trousers and shorts, of cotton, not knitted	4,812
T-shirts, singlets and other vests, of cotton, knitted	4,325
Toilet and kitchen linen, of terry towelling or similar terry fab. of cotton	4,035
Cotton yarn, 85%, single uncombed	3,454
Plain weave cotton fabrics, printed	3,362
Womens/girls blouses and shirts, of cotton, not knitted	3,014
Dates, fresh or dried	2,403
Plain weave cotton fabrics, dyed	2,371
Mens/boys shirts, of cotton, not knitted	1,896
Floor-cloths,, dish-cloths, dusters and similar cleaning cloths, or tex mat	1,847
Cotton yarn, single, combed	1,823
Womens/girls ensembles, of cotton not knitted	1,745
Bed linen, of man-made fibres, printed, not knitted	1,543
Womens/girls garments nes, of cotton, not knitted	1,296
Womens/girls dresses, of cotton, not knitted	1,292
Womens/girls nightdresses and pyjamas, of cotton, not knitted	1,220
Sheep or lamb skin leather, nes	<u>1,103</u>
Sub-total	47,761
Other	30,742
Total	<u>78,503</u>

SRI LANKA

SRI LANKA

GENERAL INFO

Sri Lanka is located off the southeast coast of India, in the Indian Ocean. It has an area of 65,610 sq. km. The population of 17.5 million, is growing at the rate of 1.8% per annum, and is composed of Sinhalese(74%), Tamils (17%), and Moors(7%). 69% of the population is Buddhist, 8% Christian, and 7% Moslem. The official languages are Sinhalese and Tamil, with English being a link language.

Ruled by the British from 1796, and previously by the Portuguese and the Dutch, Sri Lanka achieved independence in 1948 under its previous name of Ceylon.

POLITICAL AND ECONOMIC SITUATION

Sri Lanka is a parliamentary republic with a political tradition of vigorous party democracy. It was one of the first countries in the world to give women the vote (in 1931) and voter turnout at elections has usually been between 80% and 90%. Sri Lanka has an unbroken tradition of democratically elected governments, usually oscillating at each election between the Sri Lanka Freedom Party and the United National Party. The UNP have been in power since 1977, with the most recent elections occurring in February 1989. The Prime Minister is D. B. Wijetunge and the President is Ranasinghe Premadasa.

During the last decade, tension between the Sinhalese and the Tamil ethnic groups has grown increasingly violent. An accord between the Indian and Sri Lankan governments in July 1987 led to the deployment of an Indian Peacekeeping Force(IPKF) in the North and East of the country aimed at disarming the guerrillas seeking the establishment of an independent Tamil State. The IPKF has achieved only partial success in meeting this objective.

Liberalization of Sri Lanka's trade policies began in 1977 when the previous UNP government came to power. The increasing incidence of ethnic violence since 1983 has taken its toll on the Sri Lankan economy. The nation's security problems have lowered productivity, increased the fiscal deficit, and aggravated external financial troubles. These difficulties are further exacerbated by long term structural economic problems, recent drought and floods, and some unfavorable external factors.

With a Per Capita Income of \$360 U.S., Sri Lanka has an essentially subsistence agricultural economy, based on wet and dry land rice production. In 87/88 GDP was \$6.5 bn U.S. a year, with real growth at 4.0%. Recent events have led to foreign debt reaching \$4.7 bn U.S., with debt servicing accounting for 23% of current account receipts. Tea has traditionally been the major foreign exchange earner, followed by rubber, coconut, spices, and gems. Sri Lanka is currently running a trade deficit of \$600 million U.S. a year.

Sri Lankan efforts to stimulate foreign investment have achieved some limited success despite the negative impact of the communal violence. The Export Processing Zone contains approximately 100 plants ranging from textiles and agro-based products to electrical appliances and rubber goods, and employs more than 26,000 workers.

Japan, the U.S.A., the U.K. and W. Germany are the main trading partners, however the appreciation of the yen is having some effect on the competitiveness of Japanese goods.

FOREIGN RELATIONS

Sri Lanka is a moderate, non-aligned nation. Its central foreign policy concern has been its relations with India, Sri Lanka's only immediate neighbor. This is largely due to India's ability to exercise influence over both sides in the country's communal conflict.

Sri Lanka is attempting to foster better ties with Pakistan, and has always had a good relationship with China, due to its early recognition of the PRC in 1949. Sri Lanka is distancing itself from the USSR however, and has placed emphasis on better ties to the USA.

Sri Lanka is a member of the Commonwealth, the U.N., and is due to host the South Asian Association for Regional Co-operation summit meeting this year.

BILATERAL RELATIONS

Canada and Sri Lanka enjoy a warm and longstanding bilateral relationship. In the post war period, our bilateral relations developed through the medium of our Commonwealth ties. Sri Lanka was among the first recipients of Canadian aid under the Colombo Plan, launched in Ceylon in 1952. Through the sixties and early seventies, Canada maintained a modest development assistance program to Sri Lanka. Our involvement expanded rapidly in the late 1970's with the announcement of the Sri Lankan government's Accelerated Mahaweli Program. Canada is committed to maintaining a significant aid program to Sri Lanka.

Canada and Sri Lanka have signed a Textile Agreement.

Sri Lanka is eligible for GPT with Canada.

COMMERCE

Trade with Sri Lanka is relatively small (1988 exports of \$27 million and imports of \$33 million). Canadian exports contain a large component of aid-related commodity supply such as wheat and potash.

As part of the Accelerated Mahaweli Program, Canada committed itself to building one of the four major dams that form the centre-piece of this project. The Maduru Oya dam was built at a cost of \$100 million by a consortium of four Canadian firms. When completed in June of 1983, it was the largest single project that CIDA had ever constructed. On June 27, 1988 Canada signed an agreement with the Government of Sri Lanka to provide \$55 million for resettlement on the right bank of the Maduru Oya River.

Canadian firms which have been active over the last five years in Sri Lanka include the FAFJ consortium and Crippen which were working on the Maduru Oya project; Collavino Construction Ltd. which obtained contracts to build a hotel and a bank as well as a \$35 million sewage contract; Monenco which is the consulting engineer on the Overseas Trust Building. In addition, Bata has over 30% of the local shoe market and Pendrith Equipment Ltd. has completed a \$15 million contract with Air Lanka to design and construct an aircraft hangar at the Colombo Airport in late 1984. Petro Canada International Assistance Corporation has provided assistance to Ceylon Petroleum Company (Ceypetco) in the collection and analysis of the offshore seismic data. Rainex has concluded a joint venture for coconuts and peanuts. Candecom has an ADB project for Second Tech Assistance Program.

CANADIAN MARKETING OPPORTUNITIES

Sri Lanka offers the potential for a high rate of economic growth once internal political conditions stabilize. Telecommunications, power and rail transportation offer potential Canadian opportunities. Opportunities in water supply, drainage and roads should occur with reconstruction.

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CANADIAN TRADE STATISTICS (in Cdn \$ mn)

	1987	1988
Exports	38.9	42.7
Imports	35.8	38.1
Balance	-6.9	4.6

- MAJOR SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS
1. Agriculture/Fishing
 2. Transportation
 3. Energy
 4. Housing/Construction & Rehabilitation
 5. Telecommunications

RESIDENT CANADIAN BANKS: None
 EPC STATUS: Limited expansion
 CIDA STATUS: Program country with emphasis on irrigation, agriculture and transportation

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SRI LANKAN REPS IN CANADA
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BRIEF-SRI LANKA

AREA: 65,610 km sq.

POPULATION: 17.5 million

CAPITAL: Colombo

SYSTEM OF GOVERNMENT: Parl. Republic

HEAD OF STATE: Junius R. Jayawardene

PRIME MINISTER: Ranasinghe Premadasa

LANGUAGE: Sinhala, English widely spoken
in commercial area

ETHNIC BACKGROUND: Sinhalese, Tamil,
Muslim, Burghers, Malay, Veddah

GDP: \$6.5 bn U.S.

PER CAPITA INCOME: \$360 US

CURRENCY: 27.9 S.L. rupees = \$1 Cdn.

INFLATION RATE: 13%

DEBT SERVICES RATIO: 23%

UNEMPLOYMENT RATE: n.a.

MAJOR TRADING PARTNERS (1988):

Exports (Total \$1,500 mn U.S.)

1. USA 26%
2. W. Germany 7%
3. UK 6%
4. Japan 6%
5. Egypt 5%

Imports (Total \$2,100 mn U.S.)

1. Japan 17%
2. USA 6%
3. UK 6%
4. UAE 6%
5. China 5%

CANADIAN TRADE STATISTICS (in Cdn \$ mn.)

	1986	1987	1988
Exports	28.9	30.6	26.9
Imports	35.8	34.2	33.1
Balance	-6.9	-3.6	-6.2

MAJOR SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS

1. Agriculture/Forestry
2. Transportation
3. Energy
4. Housing Construction & Rehabilitation
5. Telecommunications

EDC STATUS: Limited exposure

CIDA STATUS: Program country with emphasis on
irrigation, agriculture and transportation

RESIDENT CANADIAN BANKS: None

CANADIAN REPS.:

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Major Canadian Export to Sri Lanka

(\$000')

	<u>1988</u>
Wheat nes and meslin	12,787
Asbestos	6,841
Chemical wood pulp, soda or sulphate coniferous, semi-bl or bleached nes	2,074
Polypropylene	1,499
Zinc not alloyed unwrought containing by weight less than 99.99% of zinc	880
Files, rasps and similar tools	463
Printed Matter	296
Parts unsuitable for use solely or princ with the app of headings 85.25 to 85.28	241
Transmission apparatus for radio-teleph radio-broadcasting of television	215
Zinc alloys unwrought	175
Brochures, leaflets and similar printed matter, in single sheets	152
Locomotive parts	<u>106</u>
Sub-total	25,729
Other	<u>1,164</u>
Total	26,893

Major Canadian Imports from Sri Lanka

(\$000')

	<u>1988</u>
Black tea (fermented) & partly fermented tea in packages exceeding 3 kg	7,534
Ski suits, of textile materials, not knitted	1,504
Gloves mittens and mitts, o/t for sport, of leather or of composition leather	1,461
Brassieres and parts thereof, of textile materials	1,045
Mesn/boys shirts, of man-made fibres not knitted	1,016
Natural rubber in other forms nes	957
Mens/boys shirts, of cotton, not knitted	942
Womens/girls ensembles, of synthetic fibres, not knitted	925
Pullovers, cardigans and similar articles of man-made fibres, knitted	876
Mens/boys anoraks and similar articles of man-made fibres, not knitted	847
Womens/girls overcoats and similar articles of man-made fibres, not knitted	840
Pepper of the genus Piper, except cubeb pepper, neither crushed not ground	770
Womens/girls trousers and shorts of cotton, not knitted	746
Activated carbon	688
Articles of vulcanised rubber nes, other than hard rubber	570
Womens/girls blouses and shirts, of man-made fibres, not knitted	548
Tiles, cubes and sim nes, glazed ceramics	530
Cashew nuts, fresh or dried, whether of not shelled or peeled	519
Womens/girls ensembles, of cotton, not knitted	<u>501</u>
Sub-total	22,819
Other	10,314
Total	<u>33,133</u>

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UNION OF MYANMAR

CENTRAL GOVT

Ministry of Home Affairs, Union Minister's Office, Yangon

That the following persons are hereby appointed to the posts mentioned in the schedule hereunder:

UNION OF MYANMAR

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CENTRAL GOVT

Ministry of Home Affairs, Union Minister's Office, Yangon

UNION OF MYANMAR

GENERAL INFO

Myanmar has an area of 676,552 sq. km. Its population of 39 million is growing at 2% p.a. and is composed of 2/3 Myamars, with ethnic minorities being Shan, Rakhim, Karine, Kachin, and Chin. There are also 1 million Mon, the original inhabitants of Myanmar, and 2 million Indian and Chinese. 85% of the population is Buddhist, with animist, Muslim, Hindu and Christian minorities. The official language is Myanmar, with several tribal languages also being used. English is common in business.

The Union of Myanmar, formerly known as Burma, was part of the British Empire from 1886 till 1948, with the exception of the period of Japanese occupation between 1942-45. In 1948 Myanmar gained its independence.

POLITICAL AND ECONOMIC RELATIONS

The military coup of 1962 led to the creation of a one party state under the Burmese Socialist Programme Party (BSPP). Military rule was continued in 1972 when General Ne Wun assumed the Presidency. In 1988 considerable civilian unrest led to the military again assuming control, under General Saw Maung. Military authorities promised multi-party elections will be held in the near future.

The per capita income is \$190 U.S. Since 1962 and the establishment of the BSPP, economic strategies have centered upon the concept of self-reliance and the nationalization of major enterprises. The 70's saw an emphasis in this plan on agriculture. The decline in commodity prices for Myanmar's exports in the 80's created economic problems. Recently there have been signs of liberalization in economic and foreign investment policy, especially in the field of oil and gas exploration. The foreign debt is \$4.4 bn, while debt servicing charges are 75%. Myanmar is currently running a trade deficit of 234 million. Current real GDP is 2.2%.

FOREIGN RELATIONS

Myanmar's foreign policy throughout the period of independence since 1948 has been based on the principles of non-alignment and "non-involvement". In the last years of BSPP rule, Myanmar established increased contacts with industrialized countries (the United Kingdom, West Germany, South Korea, Japan, Canada) while balancing these contacts by maintaining normal relations with Communist countries. In 1980, Myanmar withdrew from the Non-Aligned Movement because it believed that the movement had "tilted" toward the Soviet bloc and away from genuine non-alignment.

BILATERAL RELATIONS

Canada recognized Myanmar at the time of Independence in 1948, but did not establish diplomatic relations until 1958. Myanmar's decision not to join the Commonwealth severed a link which existed between Canada and the other former British possessions in Asia. Myanmar opened a permanent mission in Ottawa in 1966, but closed it for austerity reasons in 1978. The Embassy reopened in Ottawa in late 1985 and the Ambassador presented his credentials in March 1986. The Canadian Ambassador to Myanmar is resident in Bangladesh; however, we operate a small locally staffed Canadian Interest Section in the British Embassy in Yangon.

Eligible for GPT status with Canada.

COMMERCE

Myanmar has had a petroleum industry since late in the last century and has personnel with the required technical skills. However, due to foreign currency difficulties, it does not have the modern equipment necessary for exploration and for increasing production from older fields. Myanmar decided to explore its rich hydrocarbon resources with the assistance from the World Bank, Canada and several EEC countries. At the request of the World Bank, Petro-Canada International Assistance Corporation (PCIAC) provided \$4 million to the Myanmar government to develop a utilization study of offshore gas in the mid 1980's. The opportunities for Canadian firms are substantial and, in this regard, an oil and gas mission visited Myanmar in March 1988 to promote Canadian goods and services. In a new program PCIAC will be providing \$3 million in technical assistance for the oil and gas sector.

CANADIAN MARKETING OPPORTUNITIES

- 1) Oil and Gas Equipment and Services
- 2) Power and Energy Equipment and Services
- 3) Agriculture
- 4) City Infrastructure

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BRIEF-UNION OF MYANMAR

AREA: 676,552 sq. km.

POPULATION: 39 million

CAPITAL: Yangon

SYSTEM OF GOVERNMENT: Republic

HEAD OF STATE: General Saw Maung

PRIME MINISTER: None

LANGUAGE: Myanmar

ETHNIC BACKGROUND: 68% Burman, 9% Shan, 7% Karen, 4% Raljome, 3% Chinese, 2% Indian, 7% other

GDP: \$7.3 bn. US

PER CAPITA INCOME: \$190

CURRENCY: 5.5 Kyats = \$1 Cdn.

INFLATION RATE: 25%

DEBT SERVICES RATIO: 75%

UNEMPLOYMENT RATE: N/A

MAJOR TRADING PARTNERS (1988):

Exports (Total: \$247 mn. U.S.)

1. China 17%
2. Singapore 9%
3. Thailand 6%
4. Japan 6%
5. USSR 3%

Imports (Total: \$482 mn. U.S.)

1. Japan 29%
2. China 11%
3. Singapore 8%
4. France 7%
5. W. Germany 7%

CANADIAN TRADE STATISTICS (in Cdn \$ mn.)

	1986	1987	1988
Exports	319	1,047	806
Imports	1,556	717	2,985
Balance	-1,237	+330	-2,179

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS:

1. Oil and Gas Equipment and Services
2. Power and Energy Equipment and Services
3. Agriculture
4. City Infrastructure

RESIDENT CANADIAN BANKS: None

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Major Canadian Exports to Myanmar

(\$000s)

1988

Asbestos	417
Vitamins and their derivatives, in dosage	110
Fowls, live domestic weighing not more than 185 g	89
Parts of poultry-keeping machinery	49
Casein glues; caseinates and other casein derivatives	30
Parts of electric motors, generators	29
Phenolic resins	25
Semen bovine	24
Structures and parts of structures, i or s (excl prefab bldgs of heading no. 9406)	17
Pts of electric/laser/ultrasonic mach etc for weld/cut nes or hot spray of met	5
Paper, wallpaper base, in rolls or sheets, uncoated	2
Printing ink, black	1
Total	608

Major Canadian Imports From Myanmar

(\$000s)

	<u>1988</u>
Shrimps and prawns, frozen in shell or not, including boiled in shell	1,249
Lumber, Meranti red (light & dark), Meranti Bakau, White Lauan etc	703
Mens/boys skirts, of cotton, not knitted	440
Logs, Keruing, Ramin, Kapur, Teak Jongkong, Merbau etc	<u>334</u>
Sub-Total	2,726
Other	259
Total	<u>2,985</u>

Note: Imports shown are based on country of origin. However, prior to 1988, imports were published based on country of consignment/export basis.

SOUTH ASIA ASSOCIATION FOR REGIONAL CO-OPERATION: A PROFILE

SOUTH ASIAN ASSOCIATION FOR REGIONAL CO-OPERATION: A PROFILE

HISTORICAL BACKGROUND

The South Asian Association for Regional Co-operation (SAARC) comprising Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka was formed in Dhaka, Bangladesh in 1985. The seven leaders adopted the "Dhaka Declaration" on the principles of regional co-operation and signed a charter setting out the framework of the SAARC. SAARC's objectives were to accelerate economic growth, social progress and cultural development, to strengthen collective self-reliance, and to increase regional trust and co-operation.

Summits among Heads of State and Government have been held annually-1986 in Bangalore, India, 1987 in Kathmandu, Nepal, and 1988 in Islamabad, Pakistan. The 1989 meeting is scheduled to be held in Sri Lanka. The Summit's chairman is the leader of the host country. The Council of Ministers meets semi-annually while Standing Committees meet when the occasion arises. Eleven areas identified for possible cooperation are presently being handled by Technical Committees.

POLITICAL COOPERATION

Designed to build consensus for regional issues, bilateral issues are outside of SAARC's framework. One example of the regional issues can be seen in the "Bangalore Declaration" of 1986 which condemned as "criminal" all acts, methods and practices of terrorism. SAARC 2000, a regional plan for a basic needs program of the 1 billion people expected by the year 2000, is a further example.

SAARC's format of institutionalized discussion however have been an opportunity to promote the relationship between India and Pakistan. The 1988 summit produced three new agreements between India and Pakistan, the first since the Simla Pact of 1972; one involved a mutual ban on attacks on nuclear installations.

ECONOMIC COOPERATION

At present the structure of SAARC has not extended to economic cooperation. It is expected that this will increasingly change. Historically, trade was almost wholly regional, however upon independence the countries focused outward. Currently under 3% of the regions trade is with neighboring countries. Difficulties may arise as it is felt that regional trade can be promoted principally by concessions from India.

ADMINISTRATIVE STRUCTURE

The 1987 summit established a permanent SAARC secretariat in Katmandu. Secretary General Abul Ahsan is a Bangladesh national and former career diplomat.

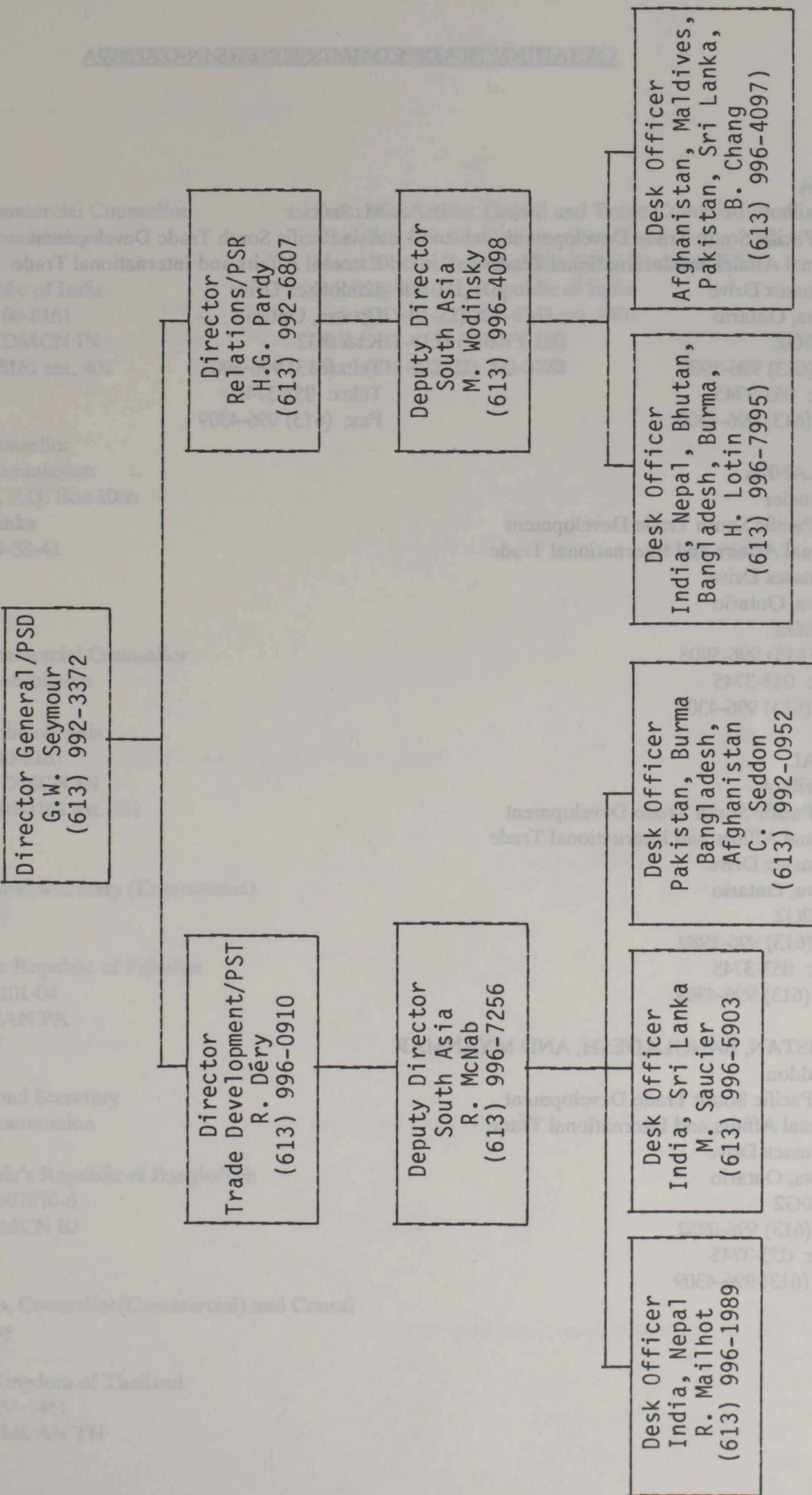
Unanimous approval is required for the admittance of new members. A proposal by India to admit Afghanistan into SAARC in 1987 was unsuccessful due to opposition to the Soviet supported government in Kabul. The Union of Myanmar and the Mauritius have been identified as possible applicants, although neither has applied. As yet there are no linkages with other regional organizations like ASEAN or the EEC, nor observer status for individual countries.

- 9 -

CONTACTS

- DEPARTMENTAL OUTLINE
- CANADIAN TRADE COMMISSIONERS IN OTTAWA
- CANADIAN TRADE COMMISSIONERS ABROAD
- FOREIGN TRADE CONTACTS IN CANADA
- INTERNATIONAL TRADE CENTRES
- PRIVATE SECTOR CONTACTS

**DEPARTMENT OF EXTERNAL AFFAIRS AND INTERNATIONAL TRADE
ASIA PACIFIC SOUTH BUREAU**



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INTERNATIONAL TRADE CENTRES

The federal government has allocated \$7.2 million over the next five years for the International Trade Centres (ITC's) to be located within the provincial offices of the new Department of Industry, Science and Technology Canada (ISTC).

These centres will offer a full range of trade services including export counselling, the provision of market opportunity information and the administration of the Program for Export market Development (PEMD). An important element is the World Information network for Exports (WIN) system which provides key information on Canadian companies along with details of their trade activities. The Department of External Affairs and International Trade's 102 trade offices around the world rely on this computerized directory of Canadian exporters for information about Canadian capabilities to match with market opportunities.

In a move to provide more comprehensive export services to business communities across Canada, the Export Development Corporation will relocate its regional offices to the Centres once current leases expire. As well, the future regional operations of CIDA's Business Cooperation Program will be located within selected ITC's, effectively consolidating key Federal departments and agencies for easy access for Canadian exporters.

The ITCs will be backed by traditional support material such as foreign country market profiles and analytical material on such topics as agents, trading houses, cross-licensing and joint ventures. As well, DEAIT/ISTC information data bases will make business persons aware of trade fair opportunities, outgoing missions to foreign countries and incoming buyer missions from abroad.

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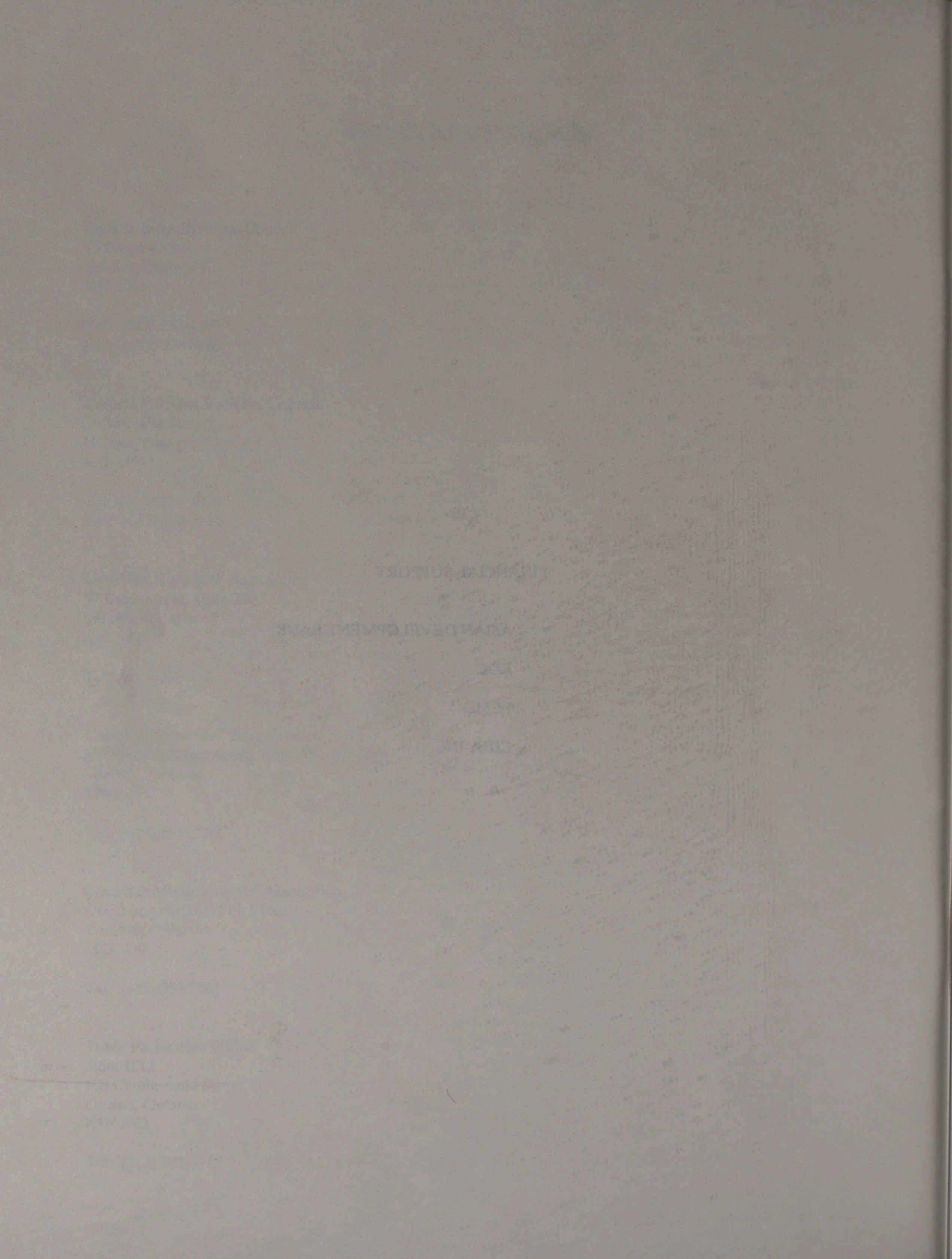
MONTREAL

International Trade Centre
Industry, Science and Technology Canada
P.O. Box 247
Street Building 1000
88 Place Victoria, Suite 200
Montreal, Quebec
H4Z 1A3

Contact:
Mr. Robert Hartz
Senior Trade Commissioner

FINANCIAL SUPPORT

- ASIAN DEVELOPMENT BANK
- EDC
- PEMD
- CIDA-INC



ASIAN DEVELOPMENT BANK

The Asian Development Bank (AsDB), headquartered in Manila, has lending commitments of over \$2 billion annually to promote the economic and social progress of its developing member countries (DMC's) in the Asia Pacific Region. The Bank provides loans and technical assistance to borrowing countries for projects covering a wide range of sectors including agriculture, energy, social infrastructure, transportation and communications, and industry and non fuel minerals. As such, the AsDB-funded market offers tremendous opportunities for Canadian exporters.

PROCUREMENT OF EQUIPMENT, CIVIL WORKS AND RELATED SERVICES

In 1987, Executing Agencies (Bank borrowers) in the region spent over US \$1.22 billion for the procurement of goods, related services and civil works for several hundred on-going AsDB-funded projects. Approximately 71% of AsDB funded procurement is conducted under international competitive bidding (ICB) procedures. It is important to note that the Executing Agency in the borrowing country has responsibility for the selection of suppliers for AsDB loans, and not the Bank itself. In 1987 Canadian suppliers won 24 of the 29 contracts they bid on for a total of US \$9.1 million. While this figure represents a market share of less than 1%, there is ample opportunity for Canadian manufacturers and suppliers to increase their share of AsDB procurement.

CONSULTING SERVICES

Consulting firms or individuals can be recruited directly by the Bank for Technical Assistance (TA) projects, or by the Executing Agencies using AsDB project funds (loans). The performance of Canadian firms or individuals under both categories (TA,Loans) ranks fourth among member countries capturing an average market share of between 5.6-7.5% annually.

Technical Assistance- The Bank provides technical assistance by making available the services of consultants for missions associated with project preparation, project implementation, or advisory assistance to its DMC's. In 1987 the Bank approved 141 TA grants totalling US \$42 million, and a substantial increase in the TA program is expected over the next few years. In order to be seriously considered for the eventual shortlist of 5-7 invited firms, interested Canadian companies must: be registered with the Bank's Consulting Services Division; express interest in the project in writing to the responsible project officers; and, convince Bank officials that the firm is capable of carrying out the project.

Loans- In 1987, a total of US \$79.4 million was spent by Executing Agencies for the procurement of consulting services, principally for project supervision and detailed design and engineering. The Executing Agency is responsible for the selection of the winning firms.

SOURCES OF INFORMATION

While the AsDB publication "Proposed Projects and Contracts Awarded" (PPCA) provides a brief sketch of the proposed pipeline of Bank-financed projects, the information in the PPCA is neither timely nor comprehensive enough for interested Canadian suppliers. The most useful and timely information on procurement plans can only be obtained in advance directly from the AsDB project officer, from the Canadian Embassies in Manila and in the region, and most importantly through continuous contact with the Executing Agency. Apart from direct sources, procurement information such as equipment specifications and date of tender issues can eventually be found in the United Nations publication "Development Business" which is published fortnightly. However, if a supplier relies exclusively on "Development Business" as a source of procurement information, the company's marketing efforts will largely be futile.

SERVICES AVAILABLE TO CANADIANS

Ottawa: The Asia-Pacific South Trade Development Division, Department of External Affairs and International Trade, Ottawa, (613) 995-7680 can provide Canadian companies with general information related to overall Bank activities, lending modes and procurement guidelines. Copies of AsDB loan documents are available (on loan) from the Department of External Affairs and International Trade Library in Ottawa (613) 992-6150.

Manila: The AsDB Liaison office in the Canadian Embassy in Manila can provide specific program or project information including details on proposed projects such as: project scope, timing, man-month requirements for consulting services, equipment requirements, names of relevant AsDB and Executing Agency officials, and other market intelligence. As well (upon request) Canadian firms can receive copies of project appraisal reports.

Regional: Canadian Embassies or High Commissions in the relevant beneficiary countries can help Canadian firms to establish links with Executing Agencies in their respective territories through identification of potential agents, or assist in building a personal relationship with the customer, a vital element in doing business in this part of the world. The services of the Regional Trade Commissioners range from marketing assistance to tender preparation advice.

ASIAN DEVELOPMENT BANK PRIME CONTACTS

AsDB Address

Asian Development Bank
P.O. Box 789 Manila
Philippines 2800

Tel: (011-63-2) 711-3851 or 834-4444(local)
Telex: 23101 ADB PN,63587 ADB PN, 40571 ADB PN
Fax: (011-63-2) 741-7961

AsDB Liaison Officer - Manila

Canadian Embassy
P.O. Box 971 Makati Central
Post Office, Makati, Metro
Manila, Philippines 3117

Tel: (011-63-2) 815-9536 to 41
Telex: (Destination code 75) 63676 DOMCAN PN

AsDB Liaison Officer- Ottawa

L. Branch
Asia Pacific South Trade Development
Department of External Affairs and International Trade
125 Sussex Drive
Ottawa, Ontario
K1A 0G2

Tel: (613) 995-7680
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Ottawa Region
Suite 810
National Bank Building
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151 York Street
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Tel: (416) 754-0116
Fax: (416) 593-1007

The Export Development Corporation (EDC) is Canada's official export credit agency, responsible for providing export credit insurance, bank guarantees and other financial services to promote Canadian export trade.

EDC has export insurance programs that protect your business from non-payment by foreign buyers. EDC also provides foreign investment project domestic supplies to Canadian exporters against non-payment of goods and services.

members of a Canadian export consortium. EDC can also provide financial support to help you secure financing for the export of goods and services.

With export financing, EDC lends to foreign buyers so they can afford to purchase Canadian goods and services. EDC also provides financial support to help you secure financing for the export of goods and services.

Also, the corporation makes it easier for exporters to get private sector financial backing by providing loan guarantees and bid bond guarantees.

also for the financial institution providing the direct support.

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Fax: (902) 420-2000

EXPORT DEVELOPMENT CORPORATION

The Export Development Corporation (EDC) is Canada's official export credit agency, responsible for providing export credit insurance, loans, guarantees, and other financial services to promote Canadian export trade.

EDC has export insurance programs to: protect you against non-payment by foreign buyers; protect your foreign investment, protect domestic suppliers to Canadian exporters against non-payment; and to protect members of a Canadian export consortium against a loss caused by the non-performance of a partner.

With export financing, EDC lends to foreign buyers so they can afford to purchase Canadian exports, and pays the exporter, directly in cash. Also, the corporation makes it easier for exporters to get private sector financial backing, by providing loan, performance, and bid bond guarantees, which eliminate the risks for the financial institution providing the direct support.

EXPORT DEVELOPMENT CORPORATION OFFICES

HEAD OFFICE

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PROGRAM FOR EXPORT MARKET DEVELOPMENT

The main objective of the Program for Export Market Development (PEMD) is to increase export sales of Canadian goods and services. The program accomplishes this by sharing the costs of activities that companies normally could not, or would not undertake alone, to reduce the risks involved in penetrating a foreign market. PEMD encourages Canadian companies not previously involved in exporting to become exporters. PEMD also encourages existing Canadian exporters to enter new geographic markets and new product markets. The PEMD program can be accessed through the International Trade Centres (ITC's) across Canada.

KINDS OF ASSISTANCE AVAILABLE

The program offers Canadian businesses financial assistance to undertake or participate in various types of trade promotion activities. All activities must be commercially oriented; that is, they must focus on generating export sales. These activities are categorized as either industry-initiated or government-planned.

Industry-Initiated Activities are:

- participating in recognized trade fairs outside Canada
- visits outside Canada to identify markets;
- visits of foreign buyers to Canada
- project bidding for specific projects outside Canada involving international competition/formal bidding procedures
- the establishment of permanent sales offices abroad (excluding the U.S.) in order to undertake sustained marketing efforts in an area where the applicant is currently active;
- marketing agreements aimed at medium-sized companies experienced in exporting;
- special activities for non-profit, non-sales food, agriculture and fish organizations, marketing boards and agencies (for the benefit of their members).

Government-planned activities are:

- trade missions to markets outside Canada and for foreign business persons and government officials coming to Canada or to trade shows where Canadian business participation is substantial; trade fairs abroad. Participation is by Government invitation.

HOW TO GET FINANCIAL SUPPORT FROM CIDA-INC

The objective of CIDA's Industrial Cooperation Program (CIDA-INC) is to produce "developmental impact" in the developing countries in order to help them with their plans to develop economically and socially.

CIDA-INC has several mechanisms which can help the Canadian private sector contribute to that objective, most notably the Canadian Project Preparation Facility (CPPF) and mechanisms in support of investment.

The CPPF is used mainly for pre-feasibility studies by consultants who hope to obtain contracts with agencies other than CIDA for full-fledged feasibility studies on capital projects in ASEAN countries. These consultants also hope to identify opportunities for other Canadian suppliers to compete for goods and service contracts financed by untied funds committed by International Financing Institutions (IFI).

Projects CIDA-INC supports will help:

- to create employment in the target countries (especially for women)
- to generate the target countries' foreign exchange through import substitution
- to create incremental demand for locally produced goods and services
- to produce a favorable ecological impact in the target countries (i.e. reducing pollution)
- to increase the ability of the governments of the target countries to finance their development program by re-enforcing their tax base, and so on.

If you want to establish a joint venture (a manufacturing joint venture or a service joint venture), to license your technology, to set up some kind of co-production agreement or to establish some other arrangement which benefits both you and one or more of the target countries, you can obtain up to \$365,000 from CIDA-INC:

- up to \$15,000 towards the costs of your initial discussions (Starter Study)
- up to \$100,000 towards the costs of reaching a written agreement which is acceptable to you, your investment partner and the investment coordinating authorities in the host country (Viability Study)
- up to \$250,000 to consolidate the technology transfer (Project Support)

To obtain these contributions, you must make a written proposal to CIDA-INC. Your proposal must provide complete answers to all of the following questions:

-who is the company making the application, supported by the CIDA-INC applicant information questionnaire (obtain it from Lance Bailey at (819) 997-0565 or Rick McTaggart at (819) 997-0562) and your most recent financial statement;

-what do you propose to do, and with whom, providing the appropriate narrative and a budget in three columns to show what you propose to contribute to each item of the costs, what your prospective partner can be expected to contribute and what you expect CIDA to contribute;

-how your proposed activity will contribute to the economic and social development of the host country; and

-why the Canadian tax-payer should be expected to contribute (basically, how your activity will lead to employment creation, foreign exchange generation, increased security of strategic imports and so on, in Canada).

POSSIBLE CONTRIBUTIONS BY CIDA-INC

(updated January 31, 1989)

	<u>Starter Study</u>	<u>Viability Study</u>	<u>Project Support</u>	<u>Canadian Project Preparation Facility</u>
<u>Pre-requisite</u>	<u>Prospective Partner</u>	<u>Letter of Intent</u>	<u>Formal Agreement</u>	<u>Evidence of Downstream Funding</u>
Air fares up to full economy rates	Yes	100% to IDC's 50% from IDC's	Yes	Yes
Per diems in host country at \$150.	Yes	Yes	Yes	Yes
Per diems in Canada at \$141.	Yes	50%	Yes	When necessary
Consultants' services: mkt anal's, engineers, chartered accountants, lawyers	No	50%	No	When necessary
Costs of your own time	No	No	No	Up to maximum of \$500/day
Maximum CIDA contribution	\$15K	\$100K	\$250K	\$350K
Chartered Accountant's certificate required	Yes	Yes	Yes	Yes
Original receipts required	No	No	No	No
Desired	Letter of Intent	Formal Agreement	Profits	Recommendations to your client

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

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Tel: (613) 997-5456

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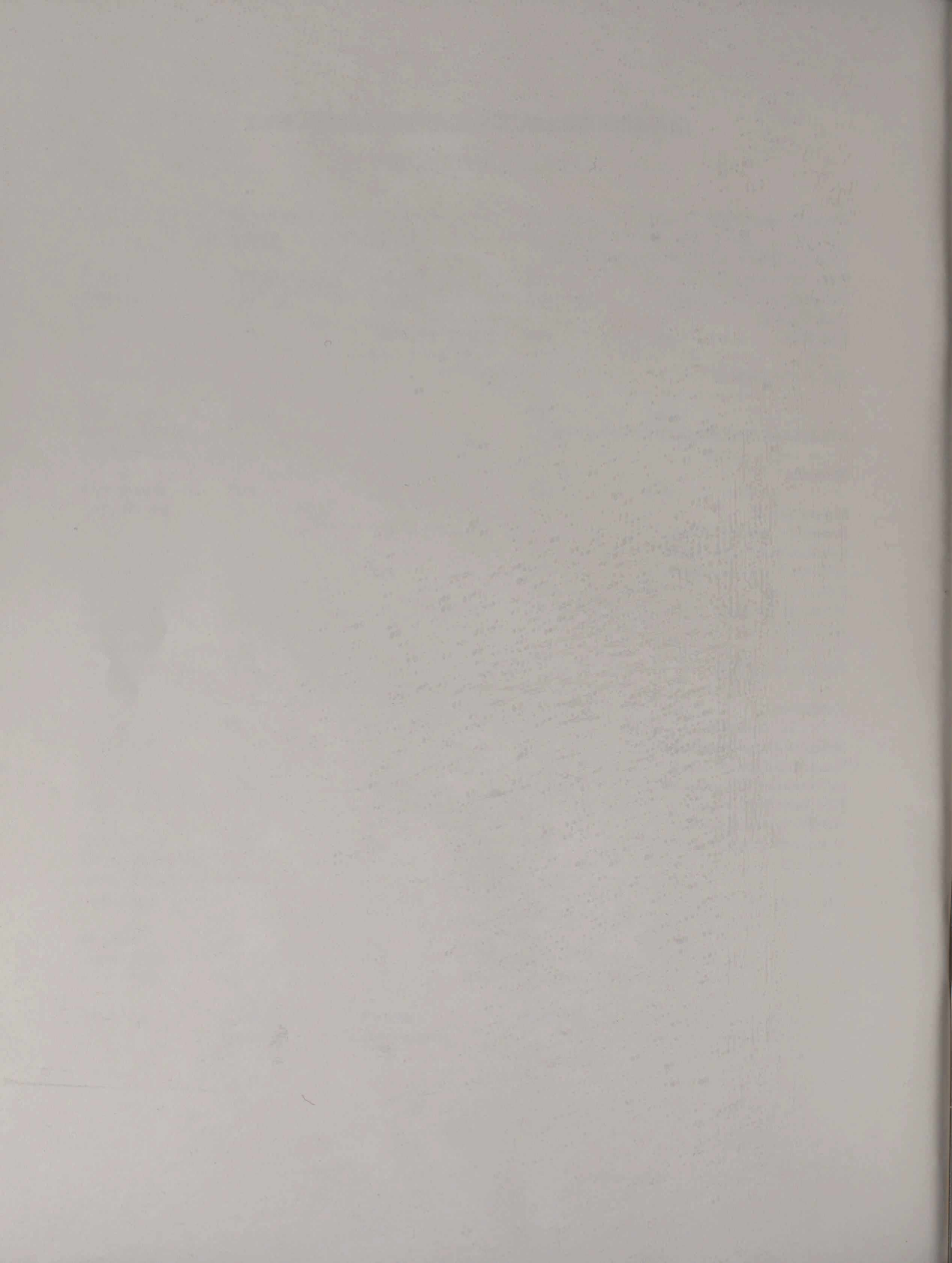
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