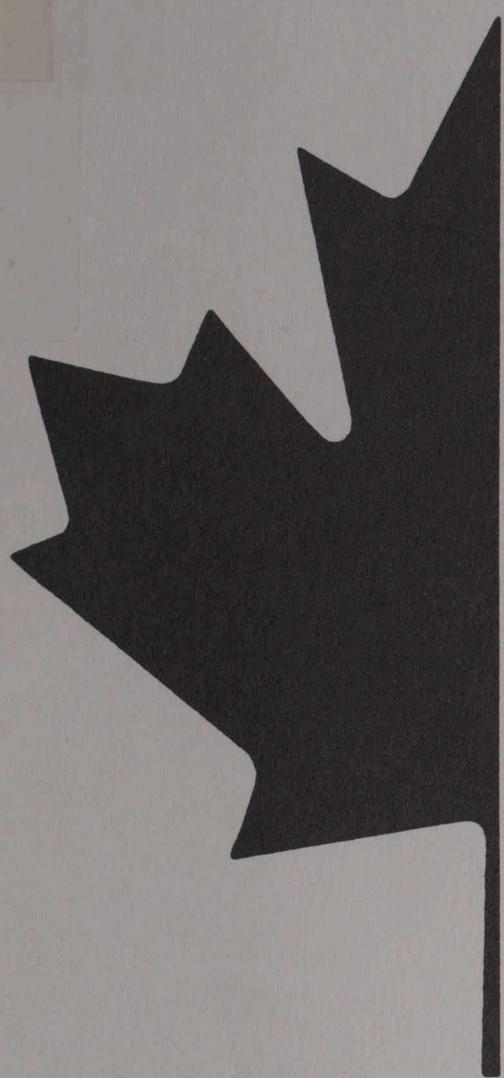


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BANGLADESH

INDIA

MYANMAR

NEPAL

PAKISTAN

SRI LANKA

**BUSINESS GUIDE
TO SOUTH ASIA**

1990/91

External Affairs and
International Trade Canada

Canada

BUSINESS GUIDE TO SOUTH ASIA

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AN OVERVIEW OF SOUTH ASIA

AN OVERVIEW OF SOUTH ASIA

Canada and South Asia

South Asia comprises Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, 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 Indian and Pakistani economies over the past ten 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), and has a growing middle class and an increasingly well-trained and educated work force. Pakistan is also moving in the same direction, the pace of which is accelerating with its December 1988 return to democratic government. 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.

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BANGLADESH

BANGLADESH

GENERAL INFORMATION

Bangladesh is surrounded by India except for the portion touching Myanmar and the Bay of Bengal. It has an area of 143,998 sq. km. The population in 1989 was estimated at 109.5 million, growing at 2.2% p.a. 85% of the population is Moslem, 12% are Hindus 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 circle.

Known as East Pakistan since the partition of India by the British in 1947, Bangladesh broke away from Pakistan in 1971 to become a sovereign nation, and a member of the Commonwealth.

POLITICAL AND ECONOMIC SITUATION

Bangladesh is a constitutional republic. General Ershad assumed power in 1982 and the Presidency in 1983. The return to civilian rule was marked by parliamentary elections in May 1986, in which General Ershad's Jatiya Party won a majority. He resigned from the army, and was elected President in October 1986. The parliamentary elections held in March 1988 were boycotted by the main opposition parties, and the ruling party gained a two-thirds majority. The opposition parties continue to insist that they would not participate in elections under Ershad's government. Mr. Moudud Ahmed is the Vice President.

With a per capita income of US\$151, Bangladesh is one of the poorest, among the least developed countries (LLDC). The economic base is agricultural, accounting for almost half the GDP, and the country is continually plagued by natural disasters like floods and drought. Achieving self-sufficiency in food production, alleviation of poverty, creation of rural employment by encouraging labour intensive export oriented industries, and promoting private sector participation in development efforts have continued to be among the policy objectives of the three successive five year development plans. In spite of several natural disasters, lack of proper management skills and financial discipline, Bangladesh was able to achieve a real annual average growth rate of 3.8% during the period 1984/88. Largely due to the floods of 1988- worst in the country's history - the rate dipped to an estimated 2% during 1988/89. With no such disasters in 1989, the economy is expected to perform better during 1990. The fourth five year plan, to be announced mid-1990, is expected to retain the basic objectives of the past, with more emphasis on "accelerated rural development and industrial growth".

Bangladesh has been and continues to be heavily dependent on foreign aid for her development efforts, resulting in the accumulation of an estimated debt of \$10 billion, with a debt servicing ratio of 13.4%. However, over US \$4.8 bn in grants and loans are still awaiting disbursement. Exports from Bangladesh in 1988/89 amounted to US \$1.3 billion, imports to US \$3.3 billion, with a resulting trade deficit of US \$2.0 billion. Major exports include jute and jute products, readymade garments, frozen shrimps, and other agricultural food products. Food and raw materials, plant and capital equipment, and petroleum products are among the major items imported. While U.S.A., Japan, Italy, U.K., and USSR are the major markets for exports, imports come mainly from Japan, U.S.A., U.K., Asia, and the Middle East.

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 1985. Bangladesh has maintained a high profile on North/South issues. While being a member of the non-aligned movement, Bangladesh follows a moderately pro-Western policy. Bangladesh's proposal at the Non-Aligned Movement Summit in Belgrade in September 1989, as well as at the meeting of Commonwealth Heads of Government in Kuala Lumpur in October 1989, for the convening of an International Conference to deal with issues relating to the protection of the global climate and the environment, was adopted at both meetings.

BILATERAL RELATIONS

The relationship between Canada and Bangladesh has always been close and very cordial. 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 leading Canadian investors. Following this, the Secretary of Industry met with Canadian business representatives in Ottawa and Montreal in 1989.

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 arranged textile exports to Canada. The annual growth in export restraint level ranges from 6% to 7.5%. A new restraint on sportswear, was added to the agreement in February 1988.

Canada and Bangladesh have concluded bilateral negotiations on the text of a Foreign Investment Insurance Agreement that is expected to be signed, in Dhaka, sometime in 1990.

COMMERCE

Canadian exports to Bangladesh in 1989 amounted to \$64.9 million, with imports of \$23.2 million. Exports to Bangladesh are largely financed under CIDA bilateral and food aid programs (90% in 1988). There are a large number of multilaterally financed projects in the oil and gas, power, and telecommunication sectors which are open for bids by Canadian companies. These are the major sources of financing for off-shore equipment purchases by Bangladesh. Although wheat shipments to Bangladesh have declined in the past few years, they continue to account for more than half of total Canadian exports. Readymade garments, jute products, frozen shrimps, and other food items account for the bulk of imports from Bangladesh.

CANADIAN MARKETING OPPORTUNITIES

- 1) Grains and oilseeds: Estimated annual market size(EMS) \$320 million; Major Competitors (MC) : U.S.A., Brazil, and EEC
- 2) Advanced technological products and services, including telecommunication equipment and radios: EMS \$26 million; MC: Japan, Germany and Finland
- 3) Oil and Gas Equipment, Services: EMS \$60 million; MC: Italy, Japan, and U.K.
- 4) Power and Energy Equipment and Services: EMS \$50 million
- 5) Multiple sectors - scrap steel and iron, bulk coal, pulp and paper, aluminum and zinc ingots
- 6) Possibilities for joint venture investments

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FACT SHEET - BANGLADESH

AREA: 143,998 sq. km

POPULATION: 109.5 million

CAPITAL: Dhaka

SYSTEM OF GOVERNMENT: Constitutional Republic

HEAD OF STATE:
Hossain Mohammad Ershad

PRIME MINISTER: Kazi Zafar Ahmed

LANGUAGE: Bangla (Bengali) 98%
English, Urdu

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

GDP: US\$16.5 bn

PER CAPITA INCOME: US\$151

CURRENCY: C\$1 = Taka 28.41

INFLATION RATE: 11%

UNEMPLOYMENT: 30%('88)

GDP REAL GROWTH: 0.5%('89)

MAJOR TRADING PARTNERS (1988/1989):

Exports (Total: US\$1,363 mn.)

Imports (Total: US\$3,173 mn.)

1. USA	24%
2. Western Europe	22%
3. Middle East	9%
4. Japan	8%
5. Eastern Europe	7%

1. Western Europe	18%
2. Japan	14%
3. U.S.	8%
4. Middle East	9%
5. Asia	25%

CANADIAN TRADE STATISTICS (in Cdn \$ mn)

	1986	1987	1988	1989
Exports	101	124	127	65
Imports	9	23	30	23
Balance	+92	+101	+97	+42

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS:

1. Grains and Oilseeds
2. Advanced Technology Products and Services
3. Oil and Gas Equipment and Services
4. Power and Energy Equipment and Services
5. Multiple Sectors
6. Possibilities of Joint Venture Investment

RESIDENT CANADIAN BANKS : None

CANADIAN REPRESENTATIVE

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High Commissioner His Excellency Mohammed Mohsin, 85 Range Road, Suite 402, Ottawa, Ontario, K1N 8J6; Tel: (613) 236-0138

Major Canadian Exports to Bangladesh

(\$000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
1001.90	Wheat nes and meslin	64,253	37,049
1207.50	Mustard seeds, whether or not broken	5,487	7,243
3104.20	Potassium chloride, in packages more than 10 kg	8,655	6,904
7208.24	Flat rolled prod, i/nas, in coil hr	34	1,949
2401.20	Tobacco, unmanufactured, partly or wholly stemmed or stripoped	-	1,460
7204.49	Ferrous waste & scrap, iron or steel nes	-	1,267
5502.00	Artificial filament tow	285	1,040
3006.60	Contraceptive preparations based on hormones or spermicides	1,000	917
8607.91	Locomotive parts nes	1,915	889
1205.00	Rape or colza seeds	232	583
2524.00	Asbestos	1,006	350
8409.99	Parts for diesel & semi-diesel engines	791	205
7209.90	Flat rolled prod. i/nes, not in coil cr 600mm wide, nes	496	45
8602.10	Rail locomotives, diesel-electric	25,013	-
7601.10	Aluminium unwrought, not alloyed	2,740	-
4702.00	Chemical Wood pulp, dissolving grades	2,513	-
8527.39	Radio-broadcast receivers nes	2,141	-
2503.10	Sulphur, crude or unrefined	2,043	-
4703.21	Chemical wood pulp, soda or sulphate	1,150	-
4704.21	Chemical wood pulp, sulphite, coniferous	917	-
8607.11	Driving bogies and bissel-bogies	809	-
3901.10	Polyethylene having a specific gravity of less than 0.94	790	-
7605.11	Wire aluminum, not alloyed, with max cross sectional dimension exceed.7mm	772	-
7605.21	Wire aluminum alloy, with a max cross sectional dimension exceeding 7mm	748	-
	Sub-total	123,790	59,901
	of		
	Total	127,103	64,904

Major Canadian Imports From Bangladesh

(\$'000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
5310.10	Woven fabrics of jute or of other textile bast fibres, unbleached	6,157	3,657
0208.20	Frog legs, fresh, chilled or frozen	2,697	3,550
0306.13	Shrimps and prawns, frozen, in shell or not, including boiled in shell	3,130	2,338
6201.93	Mens/boys anoraks & similar articles of man-made fibres, not knitted	705	2,064
6204.62	Womens/girls trousers and shorts, of cotton, not knitted	1,239	2,007
6205.30	Mens/boys shirts, of man-made fibres, not knitted	1,658	1,629
6205.20	Mens/boys shirts, of cotton, not knitted	1,455	1,384
6110.30	Pullovers, cardigans and similar articles of man-made fibres, knitted	<u>1,053</u>	<u>103</u>
	Sub-total of	<u>18,094</u>	<u>16,732</u>
	Total	30,399	23,181

INDIA

INDIA

GENERAL INFORMATION

India has an area of 3,287,263 km sq, the equivalent of about 1/3 the size of Canada. The population of 835 million, is projected to reach 1,043 million by the year 2000. People of Indo-Nordic origin accounts for 72%, Dravidians 25%, with 3% being Mongoloids, Parsis, Jews, and Anglo-Indians. 83% of the population is Hindu, 11% is Muslim, 3% is Christian, and 2% is 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 I 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 V.P. Singh replaced Rajiv Gandhi, following the November 1989 general elections in which the Congress Party lost its parliamentary majority only for the second time since independence. The minority government of Mr. Singh enjoys the support of several opposition parties, mainly united in their resolve to unseat Rajiv Gandhi, and keep his party from power. The position of the new government has been strengthened to some extent by further losses suffered by the Congress Party in the state elections held in February 1990.

The per capita income is US\$306. However, a steady growth of India's sheltered economy has created a fast growing middle class of which, according to a study by Baring Securities in Bombay, 120 million are enjoying a yearly disposable income of over US\$2,500. India's development efforts, since independence, have been guided by a series of Five Year Plans. During the last ten years, when the sixth and seventh plans were in operation, India achieved an annual average GDP real growth rate of 5%. India was able to enhance her self-sufficiency in food production, increase industrial production and imports of machinery and raw materials, and diversify her exports.

The increasing economic liberalization resulting from the economic reforms introduced in 1984, by former Prime Minister Rajiv Gandhi, has helped to ease restrictions on imports of industrial machinery and raw materials, and foreign investments. The tax system has been simplified, and the likelihood of private sector investment in areas like power generation has increased.

The new government, true to its pledge that there would be no dramatic reversal of the liberalization policy, has introduced the following measures:

A) A new Import-Export Policy, announced on March 30, 1990 for the April 1, 1990 to March 31, 1993 period based on the pragmatic perception that the Indian economy is highly import-dependent. Rather than further limit imports, in an attempt to alleviate balance of payment difficulties, the Policy focuses on the stimulation of exports, principally by (a) offering more advantages to successful exporters (in the form of increased import permits) and (b) simplifying procedures for the import of inputs needed by exporters. The Policy's principle objectives are:

- (i) To encourage rapid and sustained export growth. Including export of services with special emphasis on exports which generate higher net foreign exchange earnings;
- (ii) To facilitate availability of necessary imported inputs for sustaining industrial growth including essential imported goods for modernization and technological upgradation;
- (iii) To simplify and streamline procedures for import licensing and export promotion;
- (iv) To support recognized indigenous Research and Development Institutions for building up their scientific and technological capability for technology absorption and development; and
- (v) To promote efficient import substitution and self-reliance.

(B) A new Industrial Policy, tabled on May 31, 1990, aimed at carrying forward the liberalization process. Its highlight is the debureaucratization inherent in (a) the automatic approval of joint venture with foreign investment up to 40% equity; (b) the complete delicensing for 100% Export Oriented Units (EOUS) and Export Processing Zones (EPZS) up to an investment of Cdn \$ 53 m; (c) the complete delicensing of new industrial operations for projects with less than Cdn \$ 53 m in fixed assets in backwards areas and elsewhere, with less than Cdn \$18 m in fixed assets; (d) the elimination of government approval requirements for technology transfer collaborations where royalties are up to 5% on domestic sales and 8% on exports, (although lumpsum payments are still subject to government approval); (e) the automatic entitlement to import plant machinery and equipment up to 30% of the total investment in plant and machinery required by a new industrial unit (30% limit must however include custom duties that average 80 to 100%); (f) the automatic import entitlement for new materials and components up to 30% ex-factory value of annual production (the new provisions described in e and f are in addition to existing provisions for goods under the Open General Licence); (g) special treatment to agro based industries involving the facilitation of credit allocations and of the creation of processing units, and a commitment that government decision on the approval of large projects would be delivered within 30 days.

(C) Announced on June 12, 1990 the creation of a Select Committee on Trade and Investment. The Committee, which is made up of the Prime Minister and the Ministers of Industry, Commerce and Finance, was created to speed up the investment process and remove bottlenecks.

The Eighth Five Year Plan which is operational from June 1990, will have as its priority the creation of employment, poverty alleviation, expansion and output of consumer essentials, and combating inflation. This shift in emphasis is expected to alleviate pressure on foreign exchange resources by encouraging exports more vigorously, and curbing non-essential imports, and promoting less capital and import intensive industries. Increase in expenditure for agricultural and rural development envisaged in the new five year plan, and in the current budgetary allocation, would entail the development and upgrading of infrastructure, requiring among others, increased imports of construction machinery, power generation plants, and transportation and communication equipment, all of which should be of interest to the Canadian exporters.

India's foreign debt is estimated over US\$55 billion with a debt service ratio of 20.8%. India's export in 1988/89 amounted to US\$16,738 million, and imports to US\$21,877 million, resulting in a deficit of US\$4,836 million, compared to US\$5,459 recorded in 1987/88. Major exports include gems and jewellery, garments, engineering goods, cotton yarn and fabric, and tea. Imports include petroleum and lubricants, non-electrical machinery, apparatus and appliances, iron and steel, pearls and precious stones, chemicals, and fertilizers. Major exports markets were U.S.A., USSR, Japan, U.K., and W.Germany, and major source of imports were Japan, U.S.A., U.K., W.Germany, and USSR in that order.

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 its 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. Strained relation between India and Pakistan showed some improvement after the election of Prime Minister Benazir Bhutto, but the resurgence of separatist violence in Kashmir has increased tension in the border areas. On the other hand, the new government has initiated action to address outstanding bilateral problems and improve its relations with Sri Lanka, Nepal, and Bangladesh.

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 Meetings (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. The first round of these consultations took place in New Delhi in February 1987 in conjunction with Mr. Clark's visit to India.

A Memorandum Of Understanding on industrial-cooperation between Canada and India was signed in February 1987. The principle objectives of the agreement were to strengthen Canada-India industrial linkages, to heighten the focus on existing collaborative initiatives, and to provide an additional mechanism to pursue Canadian industrial interests in India. Activity has focussed on numerous sectoral-related initiatives, including trade fairs, seminars, missions etc.

India is a beneficiary of Canada's General Preferential Tariff (GPT).

COMMERCE

Canadian exports to India amounted to \$298.5 million in 1989, and imports reached \$224 million. In 1989 India was Canada's eighth largest export market in Asia. 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 is 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 EDC and CIDA in 1983, for the Chamera Hydro electric project for which Canada supplied 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 \$198 million line of credit exists and which has been instrumental in assisting a number of Canadian exporters in securing contracts in the sector.

Major successes are as follows:

- Chamera I 1984 Hydro Project (almost complete).
- Chamera Chamba Hydro Project (awarded).
- Rajmahal January 1989 Coal Mine Project (signed).
- CAE Electronics flight test simulators

CANADIAN MARKETING OPPORTUNITIES

- 1) Power & Energy Equipment & Service:
Estimated annual Market Size(EMS): \$820 mn
Major Competitors(MC): Soviet Union, U.K., Germany, USA & France
- 2) Mine, Metal, Mineral Products & Services: EMS : \$220 mn
MC : Soviet Union, Germany, U.K., France & Australia

- 3) Advanced Technology Products & Services: EMS :\$1,450 mn
MC: USA, Japan, Germany, France, U.K. & Sweden
- 4) Oil & Gas Equipment & Services: EMS : \$2,100 mn
MC: USA, Soviet Union, Singapore & Japan
- 5) Transportation System, Equipment, Components & Services.: EMS : \$1,000 mn
MC: USA, France, U.K., Netherlands & Germany

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FACT SHEET - INDIA

AREA: 3,287,263 sq. km.

POPULATION: 835 million

CAPITAL: New Delhi

SYSTEM OF GOVERNMENT: Parl. Republic

HEAD OF STATE: Ramaswamy Venkataraman

PRIME MINISTER: V.P. Singh

LANGUAGE: Hindi is most widely used of 17 official languages. English is common.

ETHNIC BACKGROUND: Indo-Nordics, Dravidians, Mongoloids, Parsis, Jews, Anglo-Indians

GDP: US\$255 bn.

PER CAPITA INCOME: US\$306

CURRENCY: C\$1 = 14.81 Rupees

INFLATION RATE: 7.7%

UNEMPLOYMENT RATE: N/A

REAL GDP: 5.5%

MAJOR TRADING PARTNERS (1988/89):

Exports (Total: US\$14.4 bn)

Imports (Total: US\$19.9 bn)

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

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

CANADIAN TRADE STATISTICS: (in Cdn \$ mn)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Exports	347.6	271.0	393.1	298.5
Imports	165.4	170.9	205.0	224.1
Balance	+182.2	+100.1	+188.1	+74.4

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS:

1. Power & Energy Equipment & Services
2. Mine, Metal, Mineral Products & Services
3. Advanced Technology Products & Services
4. Oil & Gas Equipment & Services
5. Transportation System, Equipment, Component & Services

EDC STATUS: Open for Sec 29 fin. & credits insurance

RESIDENT CANADIAN BANKS: Bank of Nova Scotia, Bombay, Richard Joll, Asia Manager - India

CANADIAN REPS: Robert Logie, Counsellor (Commercial), Canadian High Commission, P.O. Box 5208, New Delhi, Republic of India. Tel: (011-91-11) 687-6500. Telex: 031-72363 DMCN IN. Fax: (011-91-11) 687-6500 ext. 401

Susan Cartwright, Consul and Trade Commissioner, Canadian Consulate, Hotel Oberoi Towers, Suite 2401, Nariman Point, Bombay 400 021, Tel: (011-91-22) 202-4343 ext.2401; Telex: 84153/84154/82334/82335 OBBY IN; Fax: (011-91-22) 287-5514

EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA/ASIA PACIFIC SOUTH TRADE DEVELOPMENT CONTACT: R. Mailhot or M. Saucier, PST, External Affairs and International Trade, 125 Sussex Drive, Ottawa, Ontario K1A 0G2. Tel: (613) 996-1989 or 996-5903. Telex: 053-3745. Fax: (613) 996-4309

INDIA REPRESENTATION IN CANADA: High Commissioner - His Excellency G.N. Mehra, 105 Springfield Road, Ottawa, Ontario K1M 1C9, Tel: (613) 744-3751

Major Canadian Exports to India
(\$000')

<u>Codes</u>		<u>1988</u>	<u>1989</u>
3104.20	Potassium chloride in packages weighing more than 10 kg	40,171	34,107
2503.10	Sulphur, crude or refined	13,821	31,667
2524.00	Asbestos	30,571	29,096
4703.21	Chemical wood pulp, soda or sulphate, coniferous, semi-bl or bleached, nes	26,596	20,184
7208.24	Flat rolled prod.i/nes in coil hr	-	17,777
4705.00	Semi-chemical wood pulp	3,801	15,288
8805.20	Flight simulators and parts thereof	10,686	13,224
4702.00	Chemical wood pulp, dissolving grades	4,238	10,467
8479.89	Machines & mechanical appliances nes	943	9,766
4801.00	Newsprint, in rolls or sheets	56,099	7,133
8409.99	Parts for diesel & semi-diesel engines	507	6,288
3901.10	Polyethylene having spec. grav.less 0.94	792	5,564
2707.40	Naphthalene	5,043	4,314
7404.00	Waste & scrap, copper or copper alloy	2,522	4,111
7308.90	Structures and parts of structures, i or s (excl) prefab bldgs or head.#9406	3,979	3,783
7326.90	Articles, iron or steel, nes	1,577	3,538
8504.23	Liq dielectric trans having power handling capacity exceeding 10000 KVA	-	3,332
4801.60	Paper, fine, woodcontaining, in rolls or sheets, uncoated, nes	2,624	3,256
8607.91	Locomotive parts nes	875	2,338
8413.91	Parts of pumps for liquid	582	2,193
8411.99	Parts of gas turbines nes	3,400	1,791
8463.10	Draw-benches for bars/tubes/profiles wire or the like working metal	-	1,750
2823.00	Titanium oxides	-	1,609
8479.90	Parts of machines & mechanical appl.	1,060	1,606
4701.00	Mechanical wood pulp	2,691	1,536
2607.00	Lead ores & concentrates	-	1,529
8411.21	Turbo-propellers of power	-	1,490
3902.10	Polypropylene	1,628	1,483
2615.90	Niobium, tantalum & vanadium ores & con.	169	1,422
8424.30	Steam or sand blasting machines	-	1,272
8705.90	Special purpose motor vehicles nes	399	1,244
8431.43	Parts of boring or sinking machinery	895	1,234
2844.40	Radio active elements & isotopes nes	687	1,219
8431.49	Parts of cranes, work trucks, shovels and other construction machinery	2,371	1,188
7228.80	Bars & rods, hollow drill	674	1,145
3901.20	Polyethylene having spec.grav.more 0.94	2,115	1,113
8525.10	Transmission apparatus for radio-teleph	287	1,104
9018.90	Instruments & appliances used in medical or veterinary sciences nes	59	1,063
8708.99	Motor vehicle parts nes	1,022	1,055

Codes		1988	1989
4704.21	Chemical wood pulp, sulphite, coniferous semi-bleached or bleached, nes	4,906	648
8410.90	Parts of hydraulic turbines & water wheels including regulators	10,088	524
8503.00	Parts of electric motors, generators generating sets and rotary converters	5,237	488
8471.91	Digital process units whether or not presented with rest of system etc	3,952	70
7308.20	Towers and lattice masts, iron or steel	3,788	43
1514.10	Rape, colza or mustard oil crude	48,657	-
7302.10	Rails, iron or steel	22,073	-
1001.90	Wheat nes and meslin	8,733	-
1208.90	Flours and meals of oil seeds or oleaginous fruits, exc. mustard, nes	4,914	-
7614.10	Standard wire, cables, plaited bands, etc alum, steel core, not elect insul	4,587	-
	Sub-total	339,819	255,052
	of		
	Total	393,084	298,486

Major Canadian Imports from India

(\$'000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
6103.22-211.49	Clothing	51,490	61,727
5701.10	Carpets of wool or fine animal hair, knotted	13,696	16,842
0801.30	Cashew nuts, fresh or dried, whether or not shelled or peeled	3,778	8,553
4203.10	Articles of apparel of leather or of composition leather	1,745	8,092
7102.10	Diamonds unsorted whether or not worked	4,440	7,417
6214.10-.90	Shawls, scarves, veils & the like	4,912	5,515
1006.30	Rice, semi-milled or wholly milled whether or not polished or glazed	3,672	3,936
7103.91	Rubies, sapphires & emeralds further worked than sawn or rough shaped	341	3,292
6403.59	Footwear, outer soles and uppers of leather nes	3,298	3,245
0902.30-.40	Black tea (fermented) & partly fermented	2,757	3,204
5007.20	Woven fabrics of silk/silk waste	1,921	3,034
2614.00	Titanium ores & concentrates	-	2,765
0904.11	Pepper of the genus Piper, except cubeb pepper, neither crushed nor ground	8,333	2,752
8306.29	Statuettes and other ornaments, nes	3,289	2,653
7418.10	Table, kitchen or other household articles and parts thereof of copper	2,184	2,628
6406.10	Uppers & parts thereof, other than stiffeners	1,563	2,610
4202.21	Handbags with outer surface of leather	3,436	2,542
5702.10	"Kelem", "Schumacks", "Karamanie" and similar textile hand-woven rugs	2,139	2,368
7102.39	Diamonds non-industrial nes excluding mounted or set diamonds	2,146	2,329
0306.13	Shrimps & prawns, frozen	476	2,238
5310.10	Woven fabrics of jute or of other textile bast fibres, unbleached	1,991	2,077
5112.19	Woven fabrics of combed wool/fine animal hair	1,614	2,016
7222.20	Bars & rods, stainless steel, nfw than cold formed or cold finished	2,724	1,990
0901.11	Coffee, not roasted, not decaffeinated	3,137	1,943
4412.11	Plywood, at least 1 outer ply of tropical woods	1,617	1,386
7113.19	Articles of jewellery & pts thereof of/o prec met w/n plated/clad w prec met	-	1,374
6802.93	Worked monumental/bldg stone nes, granite	472	1,350
4106.20	Goat or kid skin leather, nes	2,120	1,324
6302.60	Toilet & kitchen linen, of terry towel.	739	1,300
4203.29	Gloves mittens or mitts, o/t for sport, of leather or of composition leather	1,487	1,292

		<u>1988</u>	<u>1989</u>
6302.51	Table linen, of cotton, not knitted	923	1,254
5701.90	Carpets of other textile materials, knotted	2,258	1,183
4001.30	Balata, gutta, percha, guayule, chicle & similar gums	152	1,162
2106.90	Food preparations nes	941	1,132
5702.99	Carpets of other textile materials, woven, made up, nes	1,140	1,123
3204.16	Reactive dyes & preparations	496	1,079
1211.90	Plants & pts of plants(inc seed & fruit)	654	1,008
2710.00	Petroleum oils and oils obtained from bituminous minerals, o/than crude etc	<u>11,710</u>	<u>-</u>
	Sub-total of	<u>149,791</u>	<u>171,735</u>
	Total	205,030	224,091

MYANMAR

MYANMAR

GENERAL INFORMATION

Myanmar, formerly known as Burma, has an area of 676,552 sq.km. Its current population is 40.8 million, and with a growth rate of 2%, is projected to exceed 50 million by the year 2000. Burmans (of Tibetan origin) are the predominant ethnic group. Other ethnic minorities include the Shan, Rakhine, Karen, Kachin and Chin. There are also over one million of Myanmar's original inhabitants, the Mon, and two million Indian and Chinese. The official language is Myanmar with several tribal languages also used. English is common in business.

POLITICAL AND ECONOMIC RELATIONS

Myanmar was under British control from 1886 until the Japanese occupation in 1942. The British drove out the Japanese in 1945 and Myanmar was granted full independence in January 1948. Myanmar became a republic and chose not to join the British Commonwealth.

In 1962, a military coup led by General Ne Win overthrew the government, suspended Parliament and established a one-party regime under the Burmese Socialist Programme Party (BSPP). The Revolutionary Council formed the Government of Myanmar until the return to civilian and constitutional rule in 1972, initiated by General Ne Win. While formally retired, General Ne Win retained de facto control of the Government through his chairmanship of the BSPP.

In 1988, there was a series of major riots in Yangon (Rangoon) and other southern cities. These protests were forcefully suppressed, leading to international condemnation and the suspension or restriction of assistance from most donors, including Canada. General Ne Win resigned from the chairmanship of the BSPP, following the failure of a short-lived civilian administration, and military authorities re-asserted their direct control and established the State Law and Order Restoration Council (SLORC).

Insurgency is an ongoing problem for Myanmar's stability since independence. The Government has stood firmly on the principle of a unitary state and has sought to eliminate or bring under control the insurgent activities of the ethnic minorities.

The May 1990 elections to Myanmar's parliament resulted in a victory for the National League for Democracy. At this time it is not yet known when power will be transferred to the democratically elected parliament.

According to the United Nations, Myanmar is one of the 25 least developed countries in the world, with an annual per capita income of about \$ US 265. The economy is principally agricultural, and depends largely on rice cultivation. The BSPP government's dedication to the "Burmese way to Socialism", initiated in 1962, stressed self-reliance and the promotion of the state sector. This policy involved the nationalization of major enterprises and severe restrictions on foreign investment. Initial priority was given to industrialization but the 1970's saw a greater emphasis placed on agriculture.

In the last few years of BSPP rule, there were signs of a slight liberalization in economic and foreign investment policy, especially in the field of oil and gas exploration.

The foreign debt is estimated at US \$4.6 billion, with debt service obligations exceeding current receipts. GDP reached US \$10.6 billion in 1989. A real growth rate, estimated at 1.8% in 1989/90, was the first positive growth since 1985/86.

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". Under the BSPP, Myanmar established increased contacts with industrialized countries (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. Recently, however, Myanmar has sought improved relations with many other nations.

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 meant that the link between Canada and other former British possessions in Asia did not exist with Myanmar. 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. The Canadian Ambassador to Myanmar is resident in Bangladesh. However, Canadian trade is represented by our Embassy in Bangkok, Thailand. Canada also operates a small Myanmar staffed Canadian Interests Section in the British Embassy in Yangon.

As a result of political and human rights developments in recent years, most international donors have suspended or severely curtailed their aid programs. Canada currently has no country-to-country aid projects with Myanmar, and will be reviewing all aspects of our relations in light of the evolving political developments in the country. Companies are advised to obtain an update from the Asia Pacific South Trade Development Division of External Affairs and International Trade Canada.

COMMERCE

Myanmar has had a petroleum industry since the 19th century. However, due to a shortage of foreign currency, it does not have the modern equipment necessary for deep sea exploration and for increasing production from older fields. Myanmar with the assistance of the World Bank, and a number of industrialized countries has begun to explore its rich hydro-carbon resources. Over the past few years, Petro-Canada International Assistance Corporation has assisted in the development of a utilization study and provided technical assistance. In 1989, Petro-Canada Resources was awarded one of ten contracts signed with international oil companies for exploration.

Political uncertainty, rigid state planning and civil unrest were responsible for declines in Myanmar's exports and imports. While forestry, agriculture, minerals, fish and fish products are among Myanmar's major exports, construction, machinery, transportation, tools and spare parts continue to be the major items of import.

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Gilles Potvin
Asia Pacific South Trade Development
External Affairs and International Trade
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Ottawa, Ontario
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Telex: 053-3745
Fax: (613) 996-4309

In Myanmar: Kyaw Zaw Win, Officer at Canadian Interests Section, British Embassy, Yangon Tel: 81708,
Telex: BM 21223 (CAN SEC)

FACT SHEET - MYANMAR

AREA: 676,557 sq. km.

POPULATION: 40.8 million

CAPITAL: Yangon

SYSTEM OF GOVERNMENT: Republic

HEAD OF STATE & PRIME MINISTER: General Saw Maung

LANGUAGE: Myanmar

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

GDP: US\$10.6 bn.

PER CAPITA INCOME: US\$265

CURRENCY: C\$1 = Kyats 5.7

INFLATION RATE: (Est) 60%

DEBT SERVICES RATIO: 59%

UNEMPLOYMENT RATE: N/A

MAJOR TRADING PARTNERS (1988):

Exports (Total: US\$588 mn.)

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

Imports (Total: US\$741 mn.)

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	1989
Exports	0.3	1.0	0.8	0.3
Imports	1.6	0.7	3.0	1.5
Balance	-1.2	+0.3	-2.2	-1.3

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

CANADIAN REPRESENTATIVE:

Mr. Robert Vanderloo, Counsellor (Commercial) and Consul, Canadian Embassy, P.O. Box 2090, Bangkok 10500, Kingdom of Thailand Tel: (011-66-2) 234-1461. Telex: 82671 DOMCAN TH
 Kyaw Zaw Win, Officer at Canadian Interests Section, British Embassy, Yangon; Tel: 81708. Telex: BM 21223 (CAN SEC)

EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA/ASIA PACIFIC SOUTH TRADE DEVELOPMENT CONTACT:

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REPRESENTATION IN CANADA:

Ambassador: H.E. U Win Shein, Embassy of Myanmar, 85 Range Road, Suite 902, Ottawa, Ontario, K1N 8J6
 Tel: (613) 232-6434

Major Canadian Exports to Myanmar

(\$000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
8502.11	Generating sets, diesel or semi-diesel engines	-	171
8473.30	Parts & accessories of automatic data processing machines & units thereof	-	27
8503.00	Parts of electric motors, generators, generating sets & rotary converters	29	26
9022.90	Parts and accessories for app based the use of x-rays or other radiations	-	13
9609.21	Buttons of plastics, not covered with textile material	-	11
4823.40	Rolls, sheets and dials, of paper	-	8
0511.10	Semen bovine	24	6
8422.90	Pts of dish washing. cleaning or drying container, packing or wrapping mach	-	4
2524.00	Asbestos	417	-
3004.50	Vitamins & their derivatives, in dosage	110	-
0105.11	Fowls, live domestic weighing not more than 185 g	89	-
8436.91	Parts of poultry-keeping machinery	49	-
3501.90	Casein glues; caseinates and other casein derivatives	30	-
3909.40	Phenolic resins	25	-
7308.90	Structures & parts of structures, i or s (excl prefab bids of heading no. 9406)	17	-
8515.90	Pts of electric/laser/ultrasonic mach etc for weld/cut nes or hot spray of met	5	-
4802.40	Paper, wallpaper base, in rolls or sheets, uncoated	2	-
3215.11	Printing ink, black	1	-
	Sub-total of	<u>798</u>	<u>266</u>
	Total	806	297

Major Canadian Imports From Myanmar

(\$000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
0306.13	Shrimps and prawns, frozen in shell or not, including boiled in shell	1,249	557
4407.21	Lumber, Meranti red (light & dark), Meranti Bakau, White Lauan etc	703	530
8802.20	Aircraft	-	228
6205.20	Mens/boys skirts, of cotton, not knitted	440	112
4403.33	Logs, Keruing, Ramin, Kapur, Teak Jongkong, Merbau etc	<u>334</u>	<u>45</u>
	Sub-Total of	<u>2,726</u>	<u>1,472</u>
	Total	2,985	1,547

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NEPAL

NEPAL

GENERAL INFORMATION

Nepal is a landlocked country, situated between India and China, covering an area of 141,000 sq. km. The population of 18.7 million is increasing at 2.5% p.a. The two principal ethnic groups are the Tibetans or Mongolians, and the Indo-Aryans. 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, along with several dialects of Indo-European or Tibetan origin. English is spoken and understood in urban areas, and in official and business circles. 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 monarchy, and the present King is His Majesty Maharajadhiraja Birendra Bir Bikram Shah Dev. All powers-executive, legislative and judicial-rest with the monarch.

Under the partyless Panchayat System of representation, the King had exercised absolute power, with the Prime Minister and the Cabinet, whose members were appointed by the monarch from the Rastriya Panchayat or National Assembly, acting in an advisory capacity. Although the Cabinet was responsible to the National Assembly, the King retained the power to grant or withhold consent to bills at his discretion. However, following popular agitations for democracy, spearheaded by the opposition Nepali Congress Party and the United Left Front, the King was forced in February 1990, to lift the ban on political parties, and dissolved the national panchayats or assemblies and several panchayat related organisations, through which he had maintained political control.

The acting President of the opposition Nepali Congress Party, Mr. Krishna Prasad Bhattarai, was sworn in by the King as the new Prime Minister on April 18, 1990, and a coalition Cabinet of 11 ministers took office soon thereafter. The new government has pledged to form a constitutional committee to recommend amendments in line with the multiparty democratic system, and pave the way for a general election within the next year.

Annual per capita income is approximately US\$170. With 91% of the labour force engaged in agriculture, the Nepalese economy and foreign exchange earnings are heavily dependent upon this sector. Exports of garments and carpets have significantly increased in recent years. In 1988, tourism contributed 20% of Nepal's foreign exchange earnings. The GDP of US\$3.1 billion recorded a real growth rate of 4.5% in 1988. Nepal's foreign debt is estimated at US\$1.1 billion, with a debt servicing charge of 11.3%. Exports in 1988/89 amounted to US\$188 million, and imports to US\$663 million.

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.

A member of the UN, Nepal is also a member of the South Asia Association for Regional Cooperation (SAARC), whose secretariat is based in Kathmandu. SAARC has enabled Nepal to pursue her regional interests in a multilateral forum.

Nepal's relationship with India is of primary importance to her 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 the Friendship Treaty between the two countries. The 1978 Trade and Transit

Treaties further guaranteed the transit facilities and extended special treatment for Nepal's industrial exports to India. This arrangement expired without renewal in March 1989, creating economic hardship, and souring political relations between the two countries. However, following a meeting of the new Prime Ministers of the two countries, all provisions of the expired treaties were restored in June 1990, pending finalisation of new arrangements.

BILATERAL RELATIONS

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

Nepalese exports to Canada are eligible for duty free entry under Canada's General Preference Tariff.

COMMERCE

In 1989 Canadian exports totalled \$1.7 million, compared to \$2.9 million recorded in 1988 and \$3.7 million in 1987, while imports amounted to \$1.6 million, compared to \$1.7 million in 1988.

Commercial opportunities are generated mainly through project funding 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. Canadian companies have been involved in the construction of the new airport facility in Kathmandu. N.D. 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

Potential exists 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.

CONTACTS

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FACTS SHEET - NEPAL

AREA: 141,000 sq.km.
 CAPITAL: Kathmandu
 HEAD OF STATE: His Majesty
 Birendra Bir Bikram Shah Dev.
 LANGUAGE: Nepali

POPULATION: 18.7 million
 SYSTEM OF GOVERNMENT: Monarchy
 PRIME MINISTER: Krishna Prasad
 Bhattarai
 ETHNIC BACKGROUND: Tibetan, Mongolian,
 and Indo-Aryans

GDP: US\$3.1 bn PER CAPITA INCOME: US\$170 CURRENCY: C\$1 = N.Rupee 24.31

INFLATION RATE: 9% DEBT SERVICES RATIO: 11.3% UNEMPLOYMENT RATE: N/A

MAJOR TRADING PARTNERS(1988)

Exports (Total: US\$180 mn)

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

Imports (Total: US \$649 mn)

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

CANADIAN TRADE STATISTICS: (in Cdn \$ mn)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Exports	1.2	3.7	2.9	1.7
Imports	0.8	0.8	1.7	1.6
Balance	+0.4	+2.9	+1.3	+0.2

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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REPRESENTATION IN CANADA

Ambassador : His Excellency Mohan Man Sainju, 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)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
5502.00	Artificial filament tow	64	310
9022.19	Apparatus based on the use of x-rays for other uses	-	234
3002.20	Vaccines, human use	124	217
8436.80	Agri/hortic/forestry bee-keeping mach.	-	204
8803.30	Aircraft parts nes	53	115
4301.10	Raw mink furskins, whole	-	100
2844.40	Radio active elements & isotopes nes	-	89
9810.00	Contractors eqpt to be ret'd to Can or re-exp after completion of contract	709	60
8543.80	Electrical machines & apparatus, having individual functions, nes	-	54
8531.80	Electric sound or visual signalling apparatus, nes	-	53
8525.30	Television cameras	-	43
0511.10	Semen bovine	4	35
9015.80	Surveying, hydrographic, oceanographic meteorological or geophysical inst nes	240	13
1001.90	Wheat nes and meslin	633	-
8428.33	Cont-action elevators/conveyors for goods/mat. belt type mes	322	-
1207.50	Mustard seeds, whether or not broken	184	-
8431.31	Parts of lifts, skip hoist or escalators	173	-
	Sub-Total of	2,506	1,527
	Total	2,945	1,715

Major Canadian Imports From Nepal

(\$'000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
6205.20	Mens/boys shirts, of cotton, not knitted	504	567
7113.11	Articles of jewellery and pts thereof of silver w/n plated or clad w/o prec met	209	293
9813.00	Goods incl containers originating in Can & returned w/o any process of mfr,etc.	-	223
5701.10	Carpets of wool or fine animal hair,	75	138
9508.00	Rndabts, swings,shoot galleries,fairgrnd amusements &tray circus,gall &theatres	<u>466</u>	<u>-</u>
	Sub-Total of	<u>1,179</u>	<u>1,221</u>
	Total	1,676	1,479

- 6 -

PAKISTAN

PAKISTAN

GENERAL INFORMATION

Pakistan is a country of some 803,944 sq. km. The population is over 110 million and is growing at an annual average rate of 3.1%. The predominant ethnic group is Punjabi, with a smaller number of Sindhis and a variety of tribal groups. The official language is Urdu, with other languages being Punjabi, Sindhi, Pushtu, Baluch. English is widely used and spoken in business and official circles. The population is 97% Muslim, with Christians, Hindus, and Parsis accounting for the balance.

The independent state of Pakistan was created by 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. Benazir Bhutto, the leader of the party became Prime Minister in December 1988, and Ishaq Khan was confirmed as President soon thereafter.

The per capita income is US\$370. The agricultural sector plays a major role in the Pakistani economy. However the recent Seventh Five Year Plan focuses on modernizing industrial growth, partly through joint ventures. Pakistan's foreign debt is estimated at US\$20 bn with a debt servicing ratio of 17.8%. Pakistan's exports in 1988/89 amounted to US\$5.0 billion, and imports reached US\$7.7 billion. The trade deficit stood at US\$2.7 billion. Pakistan's major trading partners are USA, Japan, Germany, U.K., and Saudi Arabia. The GDP growth rate was estimated at 5.3% for 1988/89.

FOREIGN RELATIONS

The impact of the war in Afghanistan on Pakistan's foreign policy has been significant. Over 4.5 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 appeared to be improving during 1989, with the two countries signing three bi-lateral agreements, including an agreement not to attack each other's nuclear facilities, and another one on Double Taxation. However, fresh outbreak of separatist violence in Kashmir has increased tension in border areas.

Pakistan is a member of the U.N., the Organization for Islamic Conferences and South Asia Association for Regional Co-operation (SAARC). The most recent SAARC meeting was held in Islamabad. Pakistan, which left the Commonwealth in 1971, following the separation of Bangladesh, rejoined the group in October 1989.

The United States of America is the major trading partner, and 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 also based on Canada's strong support for the Afghan refugees in Pakistan.

The latest Senior Officials Consultations between Canada and Pakistan were held in September 1989, and in the same year Canada took a Thermal Power Mission and an Oil and Gas Mission to Pakistan. A Business opportunities Conference was held during November/December 1989. An Agriculture Mission visited Pakistan and a Railway Mission visited Canada in early 1990. An incoming Potash Mission is slated for 1990.

Pakistan textiles, the largest import items, 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 Preferential Tariffs with Canada. A double-taxation treaty has been in place since 1972.

COMMERCE

Canadian exports to Pakistan in 1989 amounted to \$68.9 million, compared to \$86.6 million in 1988, and imports reached \$79.3 million compared to the 1988 figure of \$78.5 million. Imports are mainly comprised of cotton yarns and fabrics, ready-made clothing, carpets, dates, and sheep and lambskin leather. Major exports include coal, wheat, asbestos, edible oils, paper, locomotive parts, aluminum wire and vaccines. The level of Canada's exports to Pakistan is relatively small (less than 1%) compared to the country's annual import market of over US\$7 billion. Furthermore, 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.

While the public sector remains a very important source of contracts for Canadian exporters, Pakistan has adopted an economic program which aims at encouraging the private sector, attracting foreign investment and reducing the role of the public sector. Canadian companies must increasingly develop collaborative arrangements with Pakistan companies to take advantage of the new commercial environment and to maximize their opportunities in competing for public sector projects.

Pakistan remains a favoured recipient of official development assistance. The World Bank and the Asian Development Bank will provide about 50% of the US \$3 billion committed by donors this year.

CANADIAN MARKETING OPPORTUNITIES

- 1) Power, Energy Equipment & Services: Estimated Annual Market Size(EMS) \$500 mn. Major Competitors(MC): USA, Germany, Japan, Italy and China
- 2) Oil & Gas Equipment, Services: EMS \$120 mn. MC : USA, Soviet Union, France, U.K., and Germany
- 3) Agriculture & Food Products Machinery & Services: EMS: \$1,100 mn; MC: Jordan, Germany, Belgium, Japan and Denmark
- 4) Defence Products & Services: EMS: \$500 mn; MC: USA, China, U.K., France and Germany
- 5) Grains & Oilseeds : EMS: \$507mn; MC: USA and Malaysia
- 6) Transportation Systems, Equipment, Components and Services.: EMS: \$80 mn; MC: USA, Germany, Japan and U.K.

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FACT SHEET - PAKISTAN

AREA: 803,944 sq. km.

POPULATION: 110 million

CAPITAL: Islamabad

SYSTEM OF GOVERNMENT: Parl. Republic

HEAD OF STATE: Ghulam Ishaq Khan

PRIME MINISTER: Benazir Bhutto

LANGUAGE: English is the official language and common in business. Urdu is the national language; Punjabi, Sindhi, Pushtu, and Baluch are also spoken.

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

GDP: US\$39.4 bn.

DEBT SERVICE RATIO: 17.8%

UNEMPLOYMENT RATE: N/A

INFLATION RATE: 11%

PER CAPITA INCOME: \$370

CURRENCY: C\$1 = P.Rs18.41

MAJOR TRADING PARTNERS (1988/89)

Exports (Total:US\$5,045 mn.)

Imports (Total: US\$7,749 mn.)

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

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

CANADIAN TRADE STATISTICS (in Cdn \$ mn)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Exports	64.8	82.1	86.6	68.9
Imports	146.9	57.4	78.5	79.3
Balance	-82.0	+24.7	+8.1	-10.4

MAIN SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS

1. Power and Energy Equipment & Services
2. Oil & Gas Equipment & Services
3. Agricultural, Food Products Machinery & Services
4. Defence Products & Services
5. Grains & Oilseeds
6. Transportation Systems Equipment, Components & Services

EDC STATUS : available

CIDA STATUS: Major recipient country

RESIDENT CANADIAN BANKS: None

CANADIAN REPRESENTATIVE.

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High Commissioner H.E. S.M.A. Khairi, Burnside Bldg, 151 Slater St., Suite 608, Ottawa, Ontario, K1P 5H3
Tel: (613) 238-7881

Major Canadian Exports to Pakistan

(\$'000)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
2701.12	Bituminous coal, whether or not pulverised but not agglomerated	5,736	15,793
1001.90	Wheat nes and meslin	6,067	8,946
1101.00	Wheat or meslin flour	-	6,027
2524.00	Asbestos	3,272	5,019
1514.90	Rape, colza or mustard oil & fract. refined but not chemically modified	6,217	4,608
4804.21	Paper, sack kraft, in rolls, unbleached uncoated	2,377	4,020
8607.91	Locomotives parts nes	2,584	1,828
7605.11	Wire, aluminium, not alloyed	-	1,127
3002.20	Vaccines, human use	520	1,028
5502.00	Artificial filament tow	1,886	878
3902.10	Polypropylene	5,515	437
8481.80	Taps, cocks, valves and similar	6,423	57
8419.39	Non-domestic, non-electric dryers nes	1,513	2
7614.90	Stranded wires, cables, plaited bands & like or alum not elect insul nes	9,913	-
4801.00	Newsprint in rolls or sheets	6,726	-
2601.11	Iron ores & concentrates, other than roasted iron pyrites, non-agglomerated	2,068	-
8477.80	Mach for working rubber or plastics or for mfr of prods form these mat nes	1,422	-
8428.90	Lifting handling, loading or unloading machinery nes	1,098	-
	Sub-Total of	63,337	49,770
	Total	86,583	68,913

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 CANADIAN REPRESENTATIVE
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 Republic of Pakistan
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Major Canadian Imports from Pakistan

(\$'000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
5701.10	Carpets or wool or fine animal hair, knotted	6,220	7,167
6109.10	T-shirts, singlets and other vests, of cotton, knitted	4,325	6,991
5208.52	Plain weave cotton fabrics, printed	3,362	5,332
5205.12	Cotton yarn, 85%, single uncombed	3,454	4,573
6302.60	Toilet and kitchen linen, of terry towel. or similar terry fab.of cotton	4,035	4,152
6204.22	Womens/girls ensembles, of cotton not knitted	1,745	3,197
0804.10	Dates, fresh or dried	2,403	2,685
5513.41	Plain weave polyester staple fibre	614	2,298
6211.42	Womens/girls garments nes, of cotton, not knitted	1,296	2,161
6302.22	Bed linen, of man-made fibres, printed, not knitted	1,543	2,057
6204.62	Womens/girls trousers and shorts, of cotton, not knitted	4,812	2,034
4203.10	Articles of apparel of leather or of composition leather	320	1,799
6206.30	Womens/girls blouses and shirts, of cotton, not knitted	3,014	1,703
6205.20	Mens/boys shirts, of cotton, not knitted	1,896	1,619
5208.32	Plain weave cotton fabrics, dyed	2,371	1,409
6307.10	Floor-cloths,, dish-cloths, dusters and similar cleaning cloths, or tex mat	1,847	986
5205.22	Cotton yarn, single, combed	1,823	846
6208.21	Womens/girls nightdresses and pyjamas, of cotton, not knitted	1,220	656
6204.42	Womens/girls dresses, of cotton, not knitted	1,292	484
4105.20	Sheep or lamb skin leather, nes	<u>1,103</u>	<u>379</u>
	Sub-total of	<u>48,695</u>	<u>52,528</u>
	Total	<u>78,503</u>	<u>79,287</u>

ORIGINAL DOCUMENT

The following information is based on a report received from the United States... The project... of the... in the... of 1994... The... of the... in the... of 1994... The... of the... in the... of 1994...

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ORIGINAL ANALYSIS

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SRI LANKA

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SRI LANKA

GENERAL INFORMATION

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 16.9 million, is growing at the rate of 1.6% per annum, and is composed of Sinhalese (74%), Tamils (17%), and Moors (7%). 69% of the population is Buddhist, 14% Hindu, 8% Christian, 7% Moslem and 2% other. 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 presidential democracy 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 has been in power since 1977, with the last election for the executive presidency taking place in December 1988, and the general elections in February 1989. Ranasinghe Premadasa is the President, and The Prime Minister is D. B. Wijetunge.

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. In the meantime, a radical uprising among the majority Sinhalese disrupted peace in the South, and posed a serious threat to the government. The killing by the security forces of the leaders of the uprising in November 1989 has considerably improved the security situation in the South, and strengthened the position of the government. The complete withdrawal of the IPKF from the island by the end of March, 1990, and the on-going discussion between the government and the most powerful Tamil group, have further improved the security climate.

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, drought and floods, and some unfavourable external factors.

With a Per Capita Income of US\$375, Sri Lanka has an essentially subsistence agricultural economy, based on wet and dry land rice production. Sri Lanka's GDP of US\$6.4 bn, recorded a real growth rate of 2.3% in 1989. Largely due to the ethnic violence and insurgency in the south of the country, the external debt burden has escalated in recent years and stood at US\$5.1 bn in 1989, with a debt servicing ratio 15.1%. 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 around US\$500 million a year. However, in October 1989, the Sri Lanka aid consortium has pledged an all-time record of US\$785 million in aid.

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 130 plants ranging from textiles and agro-based products to electrical appliances and rubber goods, and employs more than 35,000 workers.

Japan, the U.S.A., the U.K. and W. Germany are the main trading partners.

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 neighbour. This is largely due to India's ability to exercise influence over both sides in the country's communal conflict.

Sri Lanka is a member of the Commonwealth, the U.N., and the South Asian Association for Regional Cooperation (SAARC).

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 a Textile Agreement, covering the import into Canada of seven categories of Sri Lankan textile products.

Sri Lanka is eligible for Canada's General Preferential Tariff (GPT).

COMMERCE

Trade with Sri Lanka is relatively small, and in 1989 exports amounted to \$11.2 million, compared to \$27 million in 1988, and imports reached \$34 million, compared to \$33 million in 1988. 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. 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, in the following areas, once internal political conditions stabilize:

1. Advanced Technology Products & Services: Estimated annual Market Size (EMS): \$40 mn
Major Competitors(MC): Japan, Finland, France and Sweden
2. Power & Energy Equipment & Services: EMS : \$142 mn
MC: U.K., Japan, Netherlands and Germany
3. Transportation Systems, Equipment, Components & Services: EMS: \$35 mn
M.C.: U.K., Germany, Japan and India

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INFLATION RATE (%)

DEBT SERVICE RATIO (%)

UNEMPLOYMENT RATE (%)

MAJOR TRADING PARTNERS (1989)

Country	Exports (Total US\$1,450 mil)	Imports (Total US\$1,450 mil)
1. USA	20%	15%
2. W. Germany	15%	10%
3. UK	10%	8%
4. UAE	5%	3%
5. Japan	4%	2%
6. Egypt	3%	1%

CANADIAN TRADE STATISTICS (\$ mil)

Year	Exports	Imports	Balance
1987	28.9	34.2	-5.3
1988	30.8	36.2	-5.4
1989	31.2	35.8	-4.6

MAJOR SECTORS OF OPPORTUNITY FOR CANADIAN BUSINESS

1. Advanced Technology Products & Services
2. Power Energy Equipment & Services
3. Transportation Systems, Equipment and Services
4. Housing Construction & Rehabilitation

EDC STATUS: Limited exposure

RESIDENT CANADIAN BANKS: None

CANADIAN REPRESENTATIVE:
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Major Canadian Export to Sri Lanka

(\$'000)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
2524.00	Asbestos	6,841	6,405
7901.12	Zinc not alloyed unwrought containing by weight less than 99.99% of zinc	880	1,716
8203.10	Files, rasps and similar tools	463	390
4911.99	Printed matter, nes	296	320
8607.19	Axles and wheels and parts	-	232
9031.80	Measuring or checking instruments, appliances and machines, nes	1	221
8525.20	Transmission apparatus, for radio-teleph inc. reception apparatus	13	212
2523.29	Portland cement nes	-	199
8529.90	Parts unsuitable for use solely or princ with app of headings 85.25 to 85.28	241	184
8436.91	Parts of poultry-keeping machinery	6	132
8525.10	Transmission apparatus for radio-teleph radio-broadcasting of television	215	89
8607.91	Locomotive parts	106	87
3902.10	Polypropylene	1,499	30
1001.90	Wheat nes and meslin	12,787	-
4703.21	Chemical wood pulp, soda or sulphate coniferous, semi-bl or bleached nes	2,074	-
7901.20	Zinc alloys unwrought	175	-
4901.10	Brochures, leaflets and similar printed matter, in single sheets	152	-
	Sub-Total of	25,749	10,217
	Total	26,893	11,220

Major Canadian Imports from Sri Lanka

(\$'000s)

<u>Codes</u>		<u>1988</u>	<u>1989</u>
0902.40	Black tea (fermented) & partly fermented tea in packages exceeding 3 kg	7,534	7,257
6505.90	Hats & other headgear, knitted or made up from lace, or other textile mat	48	1,533
6202.93	Womens/girls anoraks & similar article of man-made fibres, not knitted	197	1,449
6212.10	Brassieres and parts thereof, of textile materials	1,045	1,411
6204.23	Womens/girls ensembles, of synthetic fibres, not knitted	925	1,355
4203.29	Gloves mittens and mitts, o/t for sport of leather or of composition leather	1,461	1,203
6205.30	Mens/boys shirts, of man-made fibres not knitted	1,016	882
6201.93	Mens/boys anoraks and similar articles of man-made fibres, not knitted	847	866
6908.90	Tiles, cubes & sim nes, glazed ceramics	530	849
3802.10	Activated carbon	688	842
4016.99	Articles of vulcanised rubber nes, other than hard rubber	570	830
6202.13	Womens/girls overcoats & similar articles of man-made fibres, not knitted	840	784
6216.00	Gloves, mittens & mitts of textile materials not knitted	408	779
1513.11	Coconut (copra) oil crude	-	690
4001.29	Natural rubber in other forms nes	957	418
6110.30	Pullovers, cardigans and similar articles of man-made fibres, knitted	876	355
6204.62	Womens/girls trousers and shorts of cotton, not knitted	746	289
6204.22	Womens/girls ensembles, of cotton, not knitted	501	259
6211.20	Ski suits, of textile materials, not knitted	1,504	198
6206.40	Womens/girls blouses and shirts, of man-made fibres, not knitted	548	153
6205.20	Mens/boys shirts, of cotton, not knitted	942	74
0904.11	Pepper of the genus Piper, except cubeb pepper, neither crushed not ground	770	2
0802.30	Cashew nuts, fresh or dried, whether or not shelled or peeled	519	-
	Sub-total of	23,472	22,478
	Total	33,133	33,875

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 scheduled to be held in Sri Lanka was not held. 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 1.3 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 neighbouring countries. Difficulties may arise as it is felt that regional trade can be promoted principally by concessions from India.

ADMINISTRATIVE STRUCTURE

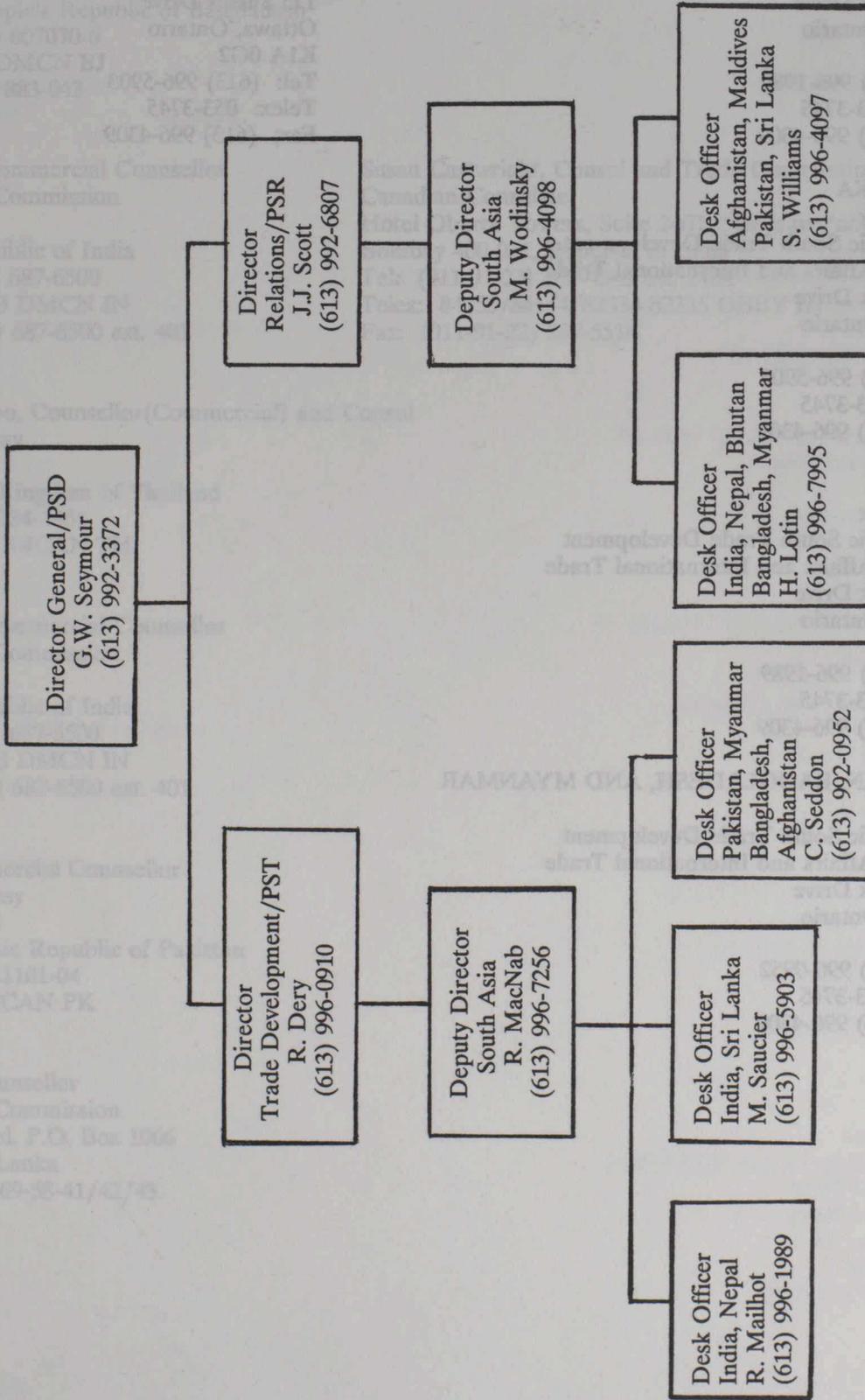
The 1987 summit established a permanent SAARC secretariat in Katmandu. Secretary General Abul Ahsan is a Bangladesh national and former career diplomat.

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. Myanmar and 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.

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- 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
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INTERNATIONAL TRADE CENTRES

The International Trade Centres (ITC's) located within the provincial offices of the new Department of Industry, Science and Technology Canada (ISTC), 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. External Affairs and International Trade's 120 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, EAITC/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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* Senior Trade Commissioner responsible for handling when Business Guide to South Asia was to print.

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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 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.

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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 commercial in nature; 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 or foreign sales agents to Canada, or to another approved location;
- project bidding for specific projects outside Canada involving international competition/formal bidding procedures;
- innovative marketing activities not covered by one of the above elements;
- the establishment of permanent sales offices abroad to undertake sustained marketing efforts in an area where the applicant is currently active;
- marketing agreements for medium-sized companies experienced in exporting (marketing campaigns consisting of a number of trade fairs and visits directed toward a single target market);
- special activities undertaken by private sector, non-sales trade associations/organizations 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 available from International Financing Institutions (IFI).

CIDA-INC may help you if your activities produce developmental impact in the target country by, for example:

- creating employment (especially for women);
- improving the role of women in the local economy;
- producing favourable ecological impact in the target countries (i.e. reducing pollution);
- generating foreign exchange through export promotion;
- conserving foreign exchange through import substitution;
- creating incremental demand for locally produced goods and services;
- increasing the ability of the governments of the target countries to finance their development program by re-enforcing their tax base.

If you want to establish 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 and your most recent financial statements;
- 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).

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

To obtain more information on any of CIDA-INC's support mechanisms, please contact:

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FINANCIAL SUPPORT

- IFI's
- EDC
- PEMD
- CIDA-INC

INTERNATIONAL FINANCIAL INSTITUTIONS:

Asian Development Bank and World Bank

International Financial Institutions (IFI's) are multilateral development banks established to promote economic growth and social development in third world countries. Loans and technical assistance are provided to developing member countries (DMC's) through borrowings in international capital markets, as well as contributions from the Banks' donor countries. IFI projects cover a wide range of sectors including agriculture, energy, social infrastructure, transportation and communications, and industry and mining.

Canada is a member of five established IFI's: the World Bank Group, the Asian Development Bank, the Inter-American Development Bank, the African Development Bank and the Caribbean Development Bank. As a result of Canada's membership in these banks, Canadian companies are eligible to compete for IFI-financed contracts. The overall IFI-funded market offers tremendous opportunities for Canadian exporters of goods and services.

The Asian Development Bank (ADB), headquartered in Manila, and the World Bank Group, based in Washington D.C., are the two IFI's which provide development funds to developing countries in the Asia-Pacific region. The ADB had 1989 lending commitments of over \$US 3.6 billion in the region, and of the total \$US 21.3 billion in new World Bank commitments in the 1989 fiscal year, \$US 7.8 billion was earmarked for Asia. In 1989 Canadian suppliers, contractors and consultants were awarded a total of \$US 12 million worth of business from projects financed through ADB loans and technical assistance contracts, and \$242 million in total World Bank financed procurement. Of this latter amount, \$95 million was for World Bank-financed contracts in the Asia-Pacific region.

PROCUREMENT

When the World Bank or ADB lend money to a developing country for a project, the executing agency of the project is almost always the borrowing country's government or a branch thereof. It is the executing agency, and not the bank, that is responsible for virtually every element of project execution, including the hiring of consultants and procurement of goods and services. Only some technical assistance, (see ADB Technical Assistance Program below) or certain other consultancy work is contracted directly by the Bank itself.

Procurement for most projects is done on the basis of "International Competitive Bidding", with formal tender documents provided by the executing agency and notices of tenders published in Development Business, a UN publication, and in other international journals.

It is important for companies to be selective when approaching the IFI market. Competition is fierce and there is a high risk of wasting much time and money if an appropriate, well targeted marketing strategy has not been developed. This includes determining and earmarking manpower and budgets, as well as selecting only those products, services and expertise in which the firm feels it has a distinct competitive advantage in the target market.

Asian Development Bank Technical Assistance Program:

The ADB provides technical assistance to borrowing countries by making available the services of consultants for missions associated with project preparation, project implementation, or advisory assistance to its DMC's. For ADB Technical Assistance contracts, consultants are hired directly by the Bank. In order to be considered for ADB Technical Assistance projects, 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.

REGISTRATION

There is no registration requirement with the World Bank or Asian Development Bank for service contractors and equipment suppliers. However, consulting firms (or individuals) are advised to register with the World Bank

or Asian Development Bank DACON Information Centres. The borrowing countries may refer to DACON to source consultants, or to seek or confirm information about a particular company. A firm or individual must be registered with the ADB consulting services division to qualify for contracts awarded under the Technical Assistance Program.

Forms for Registration of Consulting Firms (DACON) or Individuals (DICON for ADB) can be obtained from the Banks directly or from the "prime contacts" listed below.

SOURCES OF INFORMATION

Apart from contacts which a company might have in the planning Ministries or in the executing agencies in the borrowing countries, the best public sources of general project information are the publications Development Business and ADB Business Opportunities. Development Business (published bi-weekly by the United Nations) contains the "Monthly Operational Summary" of projects to be funded by the World Bank, Asian Development Bank, and other IFI's. Development Business also publishes other key project information such as procurement notices and contract award listings. (Scan-a-Bid, a computerized on-line version of the "Monthly Operational Summary", is also available from Development Business.) The Asian Development Bank publication ADB Business Opportunities provides project information for ADB projects.

After identifying projects of potential interest, one can obtain more detailed information (such as scope, size, timing and requirements of the projects) from the relevant Bank officers in Washington and Manila. Approximately 10-20% of the marketing initiative should be dedicated to maintaining contact with the IFI to gather and update essential project intelligence, and at least 80-90% of the effort should be focused in the country where the project is to be executed, in particular on the relevant executing agency.

CANADIAN GOVERNMENT ASSISTANCE

Canada: General information and orientation regarding doing business with the World Bank and ADB can be obtained from External Affairs and International Trade Canada (EAITC) through the local International Trade Centres, or in Ottawa from the Export Finance Division (for both World Bank and ADB) or Asia Pacific South Trade Development Division (for ADB). Copies of ADB and World Bank loan documents are available (on loan) from the EAITC Library in Ottawa [613-992-6150]. EAITC's brochure, "International Financing Data: A Business Guide to Export Financing and other Financial Assistance" provides guidance on how to pursue international contracts funded by the IFI's.

Manila/Washington: The ADB and World Bank Liaison Officers in the Canadian Embassies in Manila and Washington can provide specific program or project information including details on proposed projects such as scope, timing, requirements for consulting services, equipment requirements, names of Bank and Executing Agency officials, and other market intelligence. Upon request, Canadian firms can receive copies of project appraisal reports.

Regional: Trade commissioners in the Canadian Embassies or High Commissions in the beneficiary countries can provide marketing assistance, identify potential agents, and assist firms in establishing links with Executing Agencies in their respective territories.

Financial: Financial assistance in pursuing IFI business opportunities is available through Canadian Government programs such as PEMD and CIDA Industrial Cooperation.

ADB and World Bank Prime Contacts

Asian Development Bank
P.O. Box 789 Manila
The Philippines 2800
Tel: (011-63-2) 711-3851
Fax: (011-63-2) 741-7961
Telex: 2301 ADB PN, 63587 ADB PN,

Canadian Embassy - Manila
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Telex: WU1 64145 WORLDBANK
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