

# CANADA - ASEAN

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## Dr. MacGuigan Attends ASEAN Foreign Ministers' Meeting with Dialogue Partners



The Canadian Secretary of State for External Affairs and several of his ASEAN counterparts relax during ASEAN/dialogue partner meetings held in Manila June 19-20. Pictured from left are Singapore's Foreign Minister S. Dhanabalan, Dr. Mark MacGuigan, Thai Foreign Minister Air Chief Marshal Siddhi Savetsila, and Malaysian Foreign Minister Tengku Ahmad Rithauddeen.

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CANADA'S Secretary of State for External Affairs Mark MacGuigan attended the ASEAN foreign ministers' meeting with dialogue partners held in Manila on June 19 and 20.

As expected, Kampuchea remained the most important subject of discussion among the assembled foreign ministers. Dr. MacGuigan was able to reiterate Canada's continuing support for ASEAN initiatives in the search for peace and stability in Indochina. He also confirmed his intention of participating at the international conference on Kampuchea in New York the week of July 13.

At his private meeting with the ASEAN foreign ministers Dr. MacGuigan also spoke at length of the growing bilateral relationship between Canada and the Association, and the importance of further co-operation, primarily under the auspices of the proposed Canada-ASEAN Industrial, Technical and Commercial Co-operation Agreement but also through dialogue meetings of senior government officials. He further discussed with his

colleagues the importance of involving the Canadian and ASEAN private sectors through the possible establishment of formal linkages between the business communities, through industrial co-operation to promote greater transfer of technology and through expanding trade across the Pacific.

The Secretary of State also took the opportunity to emphasize Canada's Pacific dimension and its interest in the current thinking regarding suggestions for a formalized Pacific community.

During the two days in Manila, Dr MacGuigan was also able to meet individually with the foreign ministers of all the ASEAN countries, as well as with Australian Foreign Minister Street, New Zealand Foreign Minister Talboys, Japan's Foreign Minister Sonoda, and U.S. Secretary of State Haig.

The Canadian Ambassadors and High Commissioners to the ASEAN countries also met concurrently in Manila and participated at many of the bilateral and multilateral meetings.

## Canada-ASEAN Developments

### Approval Near for Framework Agreement

RECOGNIZING the increasingly important role of ASEAN as a positive factor in the peace, stability and development of Southeast Asia, since the mid-seventies Canada has sought to complement existing bilateral relations with the ASEAN member states by developing substantive linkages with the Association. As readers of this publication are aware, these include frequent consultations at the ministerial and official level, numerous visits between Canada and ASEAN of political leaders and government officials, and development assistance in the form of regional aid projects.

Although the development of the relationship has been a source of considerable satisfaction for Canada, it was recognized that the relationship would benefit from the establishment of some form of co-operative framework agreement between Canada and the Association.

Accordingly, Secretary of State for External Affairs Mark MacGuigan at his meeting with the ASEAN foreign ministers in Kuala Lumpur in June, 1980, proposed the Canada-ASEAN Industrial, Technical and Commercial Co-operation Agreement. The Minister explained that such an agreement would constitute a valuable demonstration of Canadian support for the Association and for its overriding objectives of stability and economic development. Canada also hoped that the agreement would serve to facilitate relations with ASEAN and reflect the growing awareness of Canadian interest in the region. The agreement, as initially envisaged, would emphasize co-operation in the industrial field—thus involving the private sector—and become a vehicle for the provision of development assistance to the Association for regional programs of benefit to all five member countries.

The ASEAN governments welcomed a Canadian draft of the proposed agreement in July of last year, but indicated through the ASEAN Standing Committee that the agreement should cover additional areas of co-operation, especially in the commercial field. Canada has concurred with this view and commercial articles have been drafted for

inclusion in the agreement.

On July 7 and 8, representatives of the ASEAN governments gathered in Ottawa for discussion and negotiation of the agreement. It is hoped that these negotiations will lead to the drafting of an agreed text to be ready for formal Canadian and ASEAN approval and signature at an early date.

### Towards the Transfer of Fisheries Technology

CANADA will provide a \$1.5 million grant to ASEAN as part of an agreement reached on a post-harvest technology fisheries project, the Secretary of State for External Affairs Mark MacGuigan announced in June.

The project is aimed at increasing the use of available fish resources, improving the standard of living of local fishing communities, and increasing the supply of high-protein food in the five ASEAN countries.

To enable a transfer of fishing technology, Canadian experts, services and equipment will be provided along with post-graduate and short-term training awards for citizens of ASEAN countries in Canadian universities and colleges.

Fish and fish products are an important source of dietary protein in

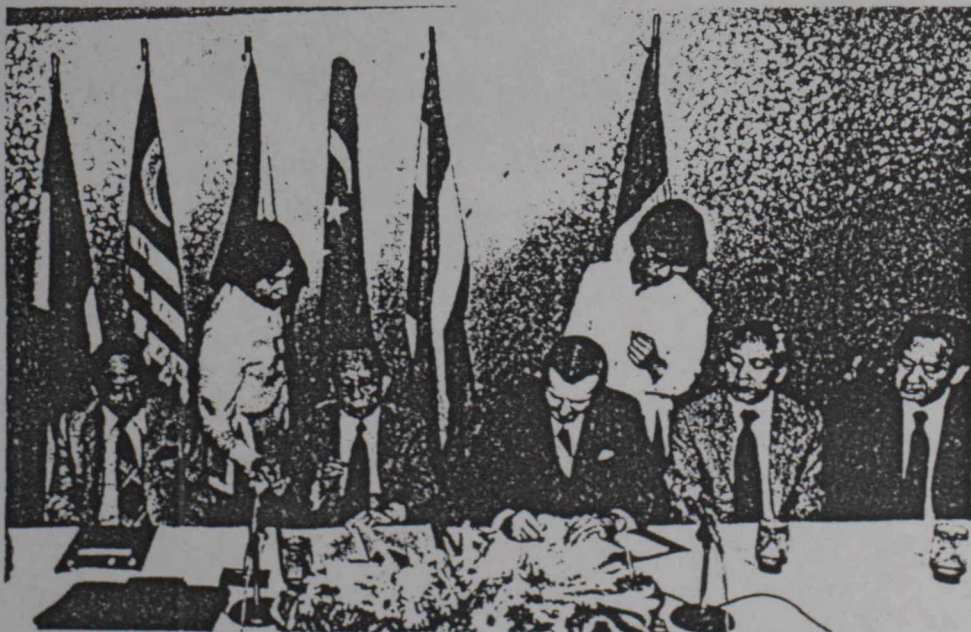
ASEAN countries. Per capita consumption varies from 40 per cent to 65 per cent of the total animal protein intake; total production is estimated at 5,222,240 tonnes (1980). While fresh fish is generally preferred, a significant proportion of fish consumed is in the form of processed products, including traditional products such as salted or dried fish, fish sauce, paste and fermented products.

Between 15 per cent and 50 per cent of current fish catches are lost as a result of poor storage and handling technology. Spoilage and insect infestation results in losses of about 25 per cent. In addition, a considerable quantity of low-value fish caught by shrimp trawlers is discarded at sea while lack of quality control and poor processing is another cause of waste.

Processed fish products provide employment opportunities and a source of foreign exchange for ASEAN countries. Research and development will bring about greater diversity in processed fishery products and added value.

### A Seed Centre for Forests of the Future

IN OTTAWA, Canada, on May 1, Thailand's Minister of Foreign Affairs Air Chief Marshal Siddhi Savetsila and Canada's Secretary of State for External Affairs Mark MacGuigan signed a memorandum of understanding on the establishment of a forest tree seed centre in Thailand. The project is designed to strengthen the efforts of ASEAN



Philippine Foreign Minister Carlos P. Romulo (seated 2nd. left) signs the agreement on a post-harvest fisheries project on behalf of ASEAN with Canadian Ambassador to the Philippines Ed Bobinski.



*Thai Foreign Minister Siddhi Savetsila and Dr MacGuigan in Ottawa where they signed a tree seed centre agreement. (See follow-up story, p.13.)*

countries to protect, improve and expand their forests.

The seed centre, to be located at Muak Lek in Thailand's Saraburi province, will be funded about equally by Canada and the ASEAN countries, particularly Thailand. The Canadian International Development Agency (CIDA) will provide a \$1.5-million grant to cover the services of Canadian forestry experts and the cost of post-graduate training of ASEAN forestry staff in Canada, technical training in Canada and within the ASEAN region, and relevant workshops, seminars and a certain amount of equipment. Thailand will provide land, buildings, and staff, and will meet the centre's regular operating costs. Indonesia, the Philippines, Malaysia, and Singapore will contribute staff and will pay the cost of project activities conducted in their own territory, such as seed collection and local studies.

The Muak Lek centre will help to develop forest tree seed orchards in member countries to provide an ample supply of quality seeds of selected species used in forestry work and to strengthen ASEAN technical competence in this specialized field. The project's main beneficiaries will be people employed in the forestry sector and, in the long run, future generations who will gain many benefits from the results of good forest management.

The ASEAN region has one of the world's most valuable reserves of tropical hardwood forest, including the largest concentrations of such species as teak and

mahogany. World Bank studies indicate that tropical hardwood prices will soar dramatically in the next 15 years because of dwindling supplies. At present, the ASEAN region's forest resource is being depleted rapidly. Without large-scale reforestation it will likely be lost forever, with consequent damage to ecological balance and watershed condition. In Thailand, for example, studies indicate that shifting cultivation, fire and illegal

felling have reduced the forest cover from more than 50 per cent to only 38 per cent of the country's land. A similar process is taking place in the Philippines and, on a more localized scale, in Malaysia and Indonesia.

All of these countries need an abundant supply of seedlings so they can carry out vigorous programs to establish plantations to protect agricultural land and provide fuel wood near settlements.

## Facts on the Industrial Co-operation Program

THE CANADIAN International Development Agency (CIDA) instituted the Industrial Co-operation Program (ICP) in October, 1978, in recognition of the changing developmental needs of "middle-income" third world countries such as are included among the countries of ASEAN. These countries, now at the point of economic take-off, still require substantial injections of direct investment, technology and know-how. An obvious source of these requirements is the Canadian private sector, especially the small and medium-sized firms.

The primary objective of CIDA's ICP is to foster diverse, mutually beneficial, long-term business collaboration between Canadian enterprises and their counterparts in developing countries.

Typical industrial co-operation projects involve, from the developing country perspective, such benefits as the redistribution of income through the creation of meaningful employment, the transfer of appropriate technology, savings in foreign exchange, and possibly the development of an export industry that in turn generates foreign exchange. All of these are universally recognized as major aid objectives. To achieve these objectives the ICP provides financial incentives in response to initiatives from the Canadian private sector to carry out developmentally sound projects of commercial interest to the partner firms.

The cornerstone of the program is the support given to companies seeking to form joint ventures in less-developed countries. From the Canadian perspective this is a sophisticated marketing technique that engenders a long-term commercial presence in the country concerned. If the proposal for such a joint venture also contains significant potential for industrial development, the Industrial Co-operation Division of CIDA will grant the Canadian firms funds to investigate opportunities first-hand in the less-developed countries and perhaps also

to invite the third world businessmen back to Canada. If both parties are satisfied that potential for a joint venture exists, further funding may be provided for an in-depth feasibility study. These projects are now funded primarily on a 50-50 matching basis. Additional financial support is available to overcome special problems during the early development years of a new joint venture. Items in this area may include middle management training, development of an inventory control system, a preventive maintenance program, or a quality control program.

Since its inception the Industrial Co-operation Division at CIDA has funded some 47 starter and viability studies in the ASEAN countries in sectors ranging from fish processing to helicopters.

As the exchange between Canadian technical and business people and their third world counterparts is a very important first step in many forms of industrial co-operation, CIDA also maintains a visits and seminars program in which assistance is given to Canadian firms to introduce their technology to decision-makers in the less-developed countries. In such cases the Industrial Co-operation Division will pay the expenses of incoming individuals while the Canadian company is responsible for managing the program. Where it is more cost-effective to carry out an information session in the developing country, visits are sponsored to that country.

Recent ASEAN projects funded under this facility include the Canadian Standards Association mission to determine how ASEAN can be assisted in the development and enforcement of industrial standards, and the Canada-ASEAN Technology Exchange which took place in Singapore in May.

Unless a product or technology is

tested over time and modified to meet local conditions, decision-makers in less-developed countries may naturally be reluctant to commit financial and human resources to its introduction. The Canadian Technology Transfer Facility (CTTF) assists Canadian companies in testing and adapting their technology in developing-country environments. This presents the dual advantage of allowing the testing and adapting at minimal risk to the Canadian company while providing

assurance to the less-developed countries' authorities that the technology in question is appropriate to their environment. The first ASEAN area CTTF is already underway in Malaysia.

CIDA's Industrial Co-operation Division is thus actively promoting third world industrial development by means of a multifaceted program encouraging Canadian companies and their developing country counterparts to enter into co-operative commercial relationships.

## Technology Exchange: a Successful First

THE FIRST Canada-ASEAN Technology Exchange, which was held in Singapore May 11-13, was a resounding success according to both Canadian and ASEAN businessmen who took part.

The Exchange was sponsored under the Canadian International Development Agency's (CIDA) Industrial Co-operation Program and was designed to bring small and medium-sized Canadian manufacturers interested in joint-venture relationships into contact with potential business partners within ASEAN, and to facilitate the transfer of technology to ASEAN countries.

Fourteen Canadian companies travelled to Singapore to participate in the Exchange. About 80 businessmen who had been invited by Canadian diplomatic missions in neighbouring ASEAN countries were flown to

Singapore accompanied by Canadian trade commissioners. The ASEAN entrepreneurs spent three days receiving briefings on Canadian manufacturing capabilities in a varied range of areas including solar energy, wind turbines, and aquaculture. There were also opportunities for discussion with each Canadian company about the possibilities for joint-venture participation.

Most of the Canadian firms reported keen interest on the part of ASEAN business representatives. One company specializing in the construction of modular housing received nineteen serious enquiries about the possibilities of a joint-venture set-up.

The Technology Exchange was the first such undertaking by CIDA in ASEAN and its success will provide a useful model for future exchanges.

## Canadian Technical Publications Available in ASEAN

THE DISSEMINATION of technical information in the developing world is an important element in the transfer of technology and upgrading of industrial capability. Under a scheme recently initiated by the Canadian International Development Agency's (CIDA) Industrial Co-operation Program, Canadian technical and industrial publications are now being made available gratis to over 600 recipients in ASEAN. With the assistance of Canadian diplomatic missions in ASEAN capitals distribution lists of recipients have been prepared. These include government institutions, technical and engineering schools, research establishments, and Chambers of Commerce as well as major indigenous companies. The 27 journals represented cover a wide range of sectors including recent developments in energy, construction, resource management and manufacturing.

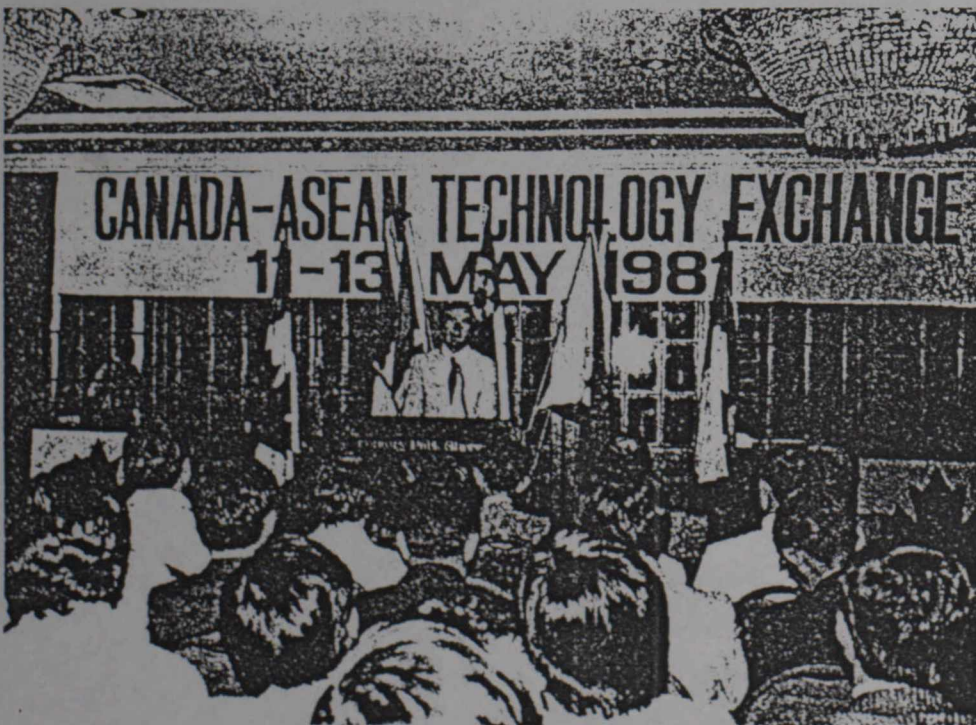
## Aerospace Study at Development Phase

THE STUDY of the commercial aerospace needs of ASEAN that was recently undertaken by Aviation Planning Services (APS) of Montreal under a contribution agreement with the Canadian International Development Agency's (CIDA) Industrial Co-operation Program is now entering the concept development phase.

A team of five study experts have completed a seven-week-long assessment and evaluation tour of the four participating states - the Philippines, Thailand, Indonesia and Malaysia. During this period, the experts met with aerospace counterparts from approximately 100 organizations from government, state-owned enterprises, and the private sector. The team visited aircraft and component manufacturing firms, the repair and overhaul facilities of major airlines as well as smaller maintenance bases, industrial research organizations, training facilities, and government offices.

Based on the information gathered, APS has completed the requirements analysis phase of the work program by developing forecasts of projected expenditures on aerospace products over the next 10 years from both domestic and foreign suppliers.

The next task, program development, is to determine how the aerospace infra-

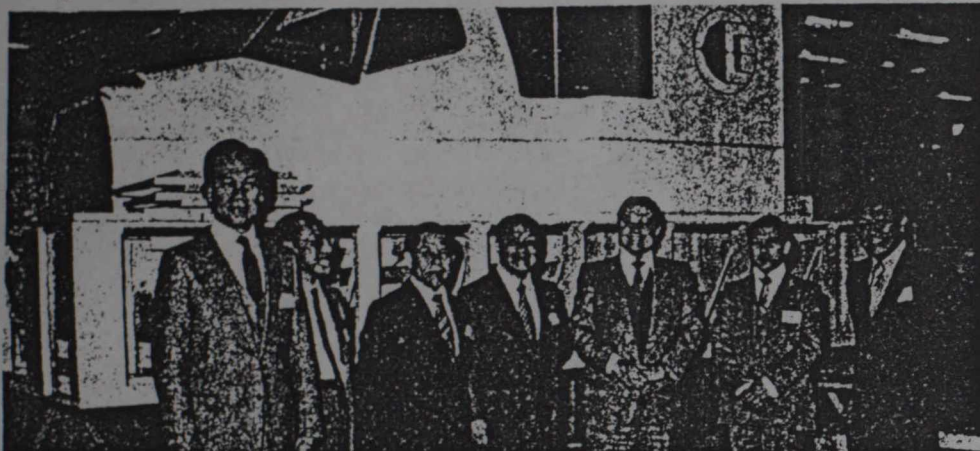


Canadian High Commissioner to Singapore L. M. Berry opens the Canada-ASEAN Technology Exchange.

structure in each country can be best upgraded to enable it to take over a larger share of both products and services that may currently be paid for with scarce foreign exchange. Although this is a

complex program, APS is confident that it can produce a practical offset program within the time constraints of the study.

The final report is expected to be released in September, 1981.



ASEAN diplomats in Canada beside Malaysian Airlines' flight simulator at CAE Electronics in Montreal. Pictured from left are Minister Romeo O. Fernandez, Philippines; Minister-Counsellor Sabar Padmadisastra, Indonesia; Ambassador Chinda Attanan, Thailand; Ambassador Roman V. del Rosario, Philippines; CAE President Byron Cavadias; Acting High Commissioner Mohd. Azhari Karim, Malaysia; and Ambassador Widodo Budidarmo, Indonesia.

## Envoys Tour Montreal Industry

SENIOR representatives from ASEAN diplomatic missions in Ottawa recently toured two large Canadian companies headquartered in Montreal, the SNC Group and CAE Electronics.

Tours of Canadian firms provide ASEAN diplomats with an opportunity to get a first-hand view of Canadian industry. Both SNC and CAE are well known in the Asian and the Pacific region, SNC as one of Canada's foremost firms of consulting engineers with extensive experience in offshore projects and studies and CAE as a leader in the manufacture of flight simulators. CAE recently sold a simulator to Malaysian Airlines System and is hoping to supply F-28 and B-747 simulators to Indonesia's Garuda Airlines. Also, CAE has just signed a \$34-million contract to develop three simulators for the Canadian Armed Forces' new fighter aircraft, the McDonnell Douglas CF-18 Hornet.

## Information: Key to Trade and Commerce

Dear Reader,

As another link in Canada's growing exchange of information and commercial knowledge with ASEAN, I would like to congratulate our diplomatic missions in this important part of the world for their initiative in launching *CANADA-ASEAN*.

In recent years, it has become clear that the Pacific Rim region is one of the most dynamic economic and commercial areas of the world. This vitality has attracted increasing attention from the federal and provincial governments and the Canadian business community.

To underline the priority of the region, I chaired the Pacific Rim Opportunities Conference organized in Vancouver in November last year to focus Canadian attention on the potential for expanded and mutually beneficial relations between Canada and countries of the Pacific Basin.

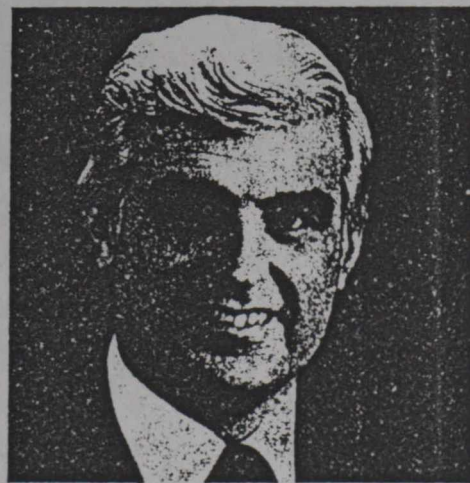
During the conference it became evident that there is a significant information gap between Canada and our Pacific trading partners about our respective cultures, economies, business practices, and industrial and resource capabilities that must be closed if we are to maximize our complementary interests. *CANADA-ASEAN* is an excellent step in this direction.

Of our Pacific Rim trade partners, the importance of the ASEAN countries has increased at a tremendous rate. For example, as the April issue of *CANADA-ASEAN* detailed, total two-way trade has more than trebled during the period 1976-80, from \$352 million to \$1,141 million. With annual growth, the GNP averaging over eight per cent in ASEAN during the past decade, there is excellent potential for a continuation of this trend. Canada's world-renowned expertise in such sectors as resource development, agriculture, electrical power, oil and gas, transportation, and communications has real prospects for complementing ASEAN economic development objectives.

Having had the opportunity to see first-hand each of the ASEAN countries on my trade missions last year and to discuss the future of Canada-ASEAN commercial activities, I am personally convinced that while we have made a good start in expanding our relations there is much more that needs to be done. I am confident that even so fundamental a matter as the exchange of information, as embodied in *CANADA-ASEAN*, will contribute to the enlargement of our commercial relations.

Ed Lumley

Minister of State for Trade



IN ORDER TO illustrate the potential for increased economic co-operation, the following articles discuss trade and commercial developments in Canada and ASEAN.

ASEAN diplomatic missions in Canada have provided information on market prospects in Canada and joint-venture potential. Contributions from Indonesia, Malaysia, and the Philippines are included on the following pages together with surveys of market opportunities in these three countries for Canadian firms.

In the October issue the series will conclude with similar contributions about Singapore and Thailand.

## Indonesia Welcomes Joint Ventures

CANADA now ranks as one of the top ten industrialized countries of the world by matching its vast natural resources with a highly educated population and advanced technology. It leads industrially in the fields of pulp and paper, automotive parts and accessories, petroleum refining, iron and steel, equipment, machinery, dairy products and even atomic reactors. A high proportion of Canada's exports also include food, petroleum, natural gas, lumber, wood, pulp, paper and many other resources reflecting its abundance in agriculture, forests and minerals and a relatively small population to consume these products. The U.S.A., the EEC and Japan are Canada's major trading partners.

Canada's imports consist mainly of automotive products, machinery and equipment, textiles, consumer goods, food and crude petroleum. Traditionally Canada has had a trade surplus to cover the deficit on the service account caused by payment obligation of interest and dividends on foreign investments in Canada. The trade surplus in 1980 was \$8 billion. Gross National Product was \$288 billion and the per capita income in 1979 was \$8,902.

Economic relations between Canada and Indonesia include government-to-government, development co-operation, private joint venture, capital investment, bilateral trade and its related activities.

As a prominent member of the Inter-governmental Group for Indonesia, a consortium of donor countries assisting Indonesia's developmental program, Canada has provided Indonesia with funds, equipment and technical know-how since 1967. Various development projects ranging from infrastructure, communications, transportation, irrigation, electrification, forestry, fisheries and regional development have been carried out with Canadian assistance. Canadian private capital investment in the form of joint venture with Indonesian companies amounts to \$975 million. International Nickel Company (INCO) has made the largest investment of approximately \$810 million.

The volume of trade between Canada and Indonesia is growing yearly, but is unbalanced in favour of the Canadian side and very modest compared to Canada's trade with other Asian countries. In 1979 the trade volume was \$104 million

and in 1980 it was \$242 million with surpluses of \$21 million and \$184 million, both for Canada. Continuing efforts to encourage and promote trade and joint venture investment have been made by both sides. This is especially true of Canada, which is striving to lift its national total from the ever-broadening Asian nation outlook of the Pacific Rim.

Indonesia, a developing country, needs Canada's expertise in many areas including natural resource development, transportation, telecommunications and energy development. Also, Indonesia is trying very hard to develop its own industrial structure. In view of the present economic situation, Canada's expertise in specific sectors and Indonesia's desire for increased industrialization, it would definitely be more advantageous for both sides to develop their respective areas of interest within the framework of bilateral trade agreements/joint ventures.

Many countries, including Indonesia, are hesitant to import fully manufactured goods for obvious reasons. But if a Canadian company were to offer shares (in a joint venture) to Indonesia and if the manufacturing were to be done there, Canada would profit by offering the technology, training, transfer of technology, managerial skills — areas which most developing countries lack. Indonesia's profit would be in the development of her industrial structure and improved knowledge in these sectors along with increased employment. Canada's proven experience in certain sectors, the need for industrial growth in Indonesia, and its need for Canada's expertise and financial support all point to the viability of joint ventures.

It has been Canada's previous experience that international joint ventures are profitable and strengthen the domestic operation in the managerial, technical and commercial sense. There is a tremendous amount of reciprocity in the financial gains and advantages for both sides. Furthermore, within the framework of bilateral trade and joint ventures, Canada offers financial support to Canadians and foreigners. The Export Development Corporation (EDC) and Canadian International Development Agency (CIDA) are both good examples of this Canadian support.

Prepared by the Indonesian Embassy, Ottawa.

## Scope for Canada's Expertise in Resource and Service Industries

DURING THE past two decades, rapid technological advances have shrunk time and space and brought east and west into close contact, particularly in the economic sphere. Under these changed circumstances, Canadian enterprises have developed markets and supply sources in Indonesia. A variety of companies is represented, including: INCO in metal mining; Alcan in aluminum fabrication; Bata in footwear; Monenco, Swan Wooster, Canadian Pacific — all three in consulting and engineering services; and the banks of Montreal, Nova Scotia and the Toronto Dominion. In addition, many Canadian companies have found markets through exports sales, which during 1980 climbed to over \$200 million.

Air, sea and land communications are crucial to Indonesia's development and in 1981 almost \$1 billion in government funding has been set aside for this purpose. A large and diverse population spread among numerous islands, along with widely-dispersed resource industries, have combined to thrust transportation and communications into the forefront of government planning.

Canadian rail expertise is well-represented in Indonesia. Canadian Pacific Consulting Services has assisted the railroad with its long-term development plans, Bombardier-MLW and General Motors are actively pursuing sales of locomotives, and a Canadian rail car manufacturer has bid on at least one contract. Furthermore, opportunities for technical co-operation may grow out of Indonesia's recent decision to meet some of its own freight car requirements through local production, and later to assemble passenger units.

As regards air transport, Aviation Planning Services is working with the Indonesia National Airline, Garuda, towards the development of aircraft maintenance and overhaul facilities at the new Cengkareng Airport near Jakarta. In addition, Canadian-built radar sets and other equipment will see use in air transport and training throughout the country.

In addition to direct sales of selected aircraft into the Indonesia market (e.g., de Havilland's Dash-7), Canadian companies are seeking closer contact with P.T. Nurtanio Aircraft Industries through its President, Dr. B.J. Habibie, who, as Minister of Research and Technology, is

a key figure in all aspects of the Indonesian air industry.

Telephone and telecommunications facilities are being upgraded and expanded. Farinon, Montreal, has equipment in place now and is working toward a possible marketing and co-production arrangement. Another Montreal company is assessing prospects for the sale and local manufacture of telephone units and switching equipment.

The large size of the Indonesian forest resource — 120 million hectares, the strategic value placed on wood and wood product exports — second only to oil, and the realization that long-term planning is essential for rational development of the industry all combine to create attractive market prospects for Canadian products and services. Imaginative and persistent marketing efforts should lead more Canadian companies to extend their international business activities into this large and profitable market.

Canadian companies have recorded a number of successes in marketing to the petroleum industry in such products and services as valves, drill bits, rig lighting systems, production chemicals and geological services. Future potential exists in the area of secondary crude oil recovery from some of the older oil fields in the country.

Opportunities for Canadian suppliers are not limited to the exploration and production phases of the oil industry. For example, refining capacity, which is presently insufficient to meet Indonesia's needs, will be doubled by 1984.

Canadian consultants, with their special expertise in solving problems created by Canada's great distances, and their experience in extensive resource developments, have been well received and are deeply involved in several major projects in Indonesia. Among these, the two that have attracted the most interest are Suralaya and Bukit Asam.

Suralaya is a large steam power project located on the northwestern tip of the island of Java. Consulting engineering for the first two units (Phase 1) to produce 800 megawatts is being handled by Monenco, Babcock-Wilcox of Cambridge, Ontario, linked with Marubeni of Japan recently to win the valuable boiler island package for this project. It is expected that for this \$200-million World Bank project services valued at \$85 million will be provided by Babcock-Wilcox and several other Canadian firms.

The Bukit Asam project is directly linked to the Suralaya development. Coal

from the Bukit Asam mine on the island of Sumatra is to be transported by rail and sea to fuel the Suralaya power station on Java. A consortium of Canadian consultants, MCS (Montreal Engineering, Canadian Pacific and Swan Wooster) is providing much of the engineering for this project which will cost close to \$1 billion when completed.

A Canadian government proposal to finance the railway, communications and port elements for the Bukit Asam project has been accepted in principle by the

Indonesian government and detailed negotiations are underway. Canadian companies should therefore be expected to become heavily involved in this project with sales of equipment and services exceeding \$150 million.

There are attractive prospects for Canadians in Indonesia in the resource based industries, in the manufacturing and service sectors as well as in the emerging area of marine resources management. Companies can expect ample rewards in the Indonesian market.

## Ample Room for Expansion of Malaysian Exports

AS FELLOW members of the Commonwealth, Malaysia and Canada enjoy a special relationship which has never been less than cordial. The long-standing relationship could definitely be enlarged to include the business communities in both countries with the objective of further expanding the existing trade for the mutual benefit of both parties. Since both countries pursue a policy of free enterprise the efforts of the private sector, particularly Malaysian exporters, are essential in achieving this objective.

In spite of the rather small population of 24 million relative to its land area, Canada is actually a large market due to the high purchasing power of its people. In 1979 the Gross National Product (GNP) was equivalent to M\$475.3 billion or a per capita of about M\$20,000, one of the highest in the world. The per capita personal disposable income in the same year was equivalent to about M\$13,280 or more than six-and-a-half times that of Malaysia. Total consumer spending for the year as reflected by the retail sales was estimated at M\$137.9 billion or M\$5,770 per capita.

Despite the current short-term economic difficulties associated with inflation, unemployment and high interest rates, the Canadian market will continue to expand appreciably in the future in view of its rich and vast natural resources and expected increases in industrial activity and output.

The major industrial and market centres are Toronto (population 2.9 million), Montreal (2.8 million), Vancouver (1.2 million), Calgary (0.58 million) and Edmonton (0.65 million).

Though trade between Malaysia and Canada is still modest in percentage terms it is expected to expand substantially in future. In 1979 the total trade was equivalent to M\$302.8 million, comprising

M\$1,677 million imports from Malaysia and M\$2,744 million exports to Malaysia. As percentages of Canadian external trade these figures represent 0.43 per cent of total trade (M\$233.9 billion), 0.15 per cent of total imports (M\$1,444 billion) and 0.11 per cent of total exports (M\$119.5 billion).

After discounting trade with developed countries (United States, United Kingdom, Western Europe, Japan and Australia) and OPEC countries (Middle East and Venezuela), which constitutes about 98 per cent of total imports, there is still ample room for the expansion of Malaysian exports.

Canada imports a wide range of primary commodities, manufactured and processed products. The main import items are food (e.g., fruits, coffee, cocoa, tea, seafoods), crude petroleum, textiles, machinery and equipment, motor vehicles, and a wide range of personal and household products (e.g., apparel and accessories).

The main products with potential for Malaysian exporters include canned seafoods (e.g., canned tuna), frozen seafoods, canned pineapple, canned fruit juices, consumer electronic products, rubber products (e.g., rubber gloves), certain textile products, sporting goods, giftware (e.g., pewter, jewellery), wood and cane knocked-down furniture, English reproduction furniture, timber products and mouldings. These products are by no means comprehensive and Malaysian manufacturers and exporters interested in the Canadian market are advised to contact the office of the Malaysian Trade Commissioner in Canada or the Malaysian Export Trade Centre in Kuala Lumpur.

Prepared by the Malaysian Trade Commission, Toronto.

## Continued Growth Provides Good Market for Canadian Products

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

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

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

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

Canadian industrialists have also been

looking at investment and joint ventures. Several areas are now being studied and it is anticipated that some decisions should be made in the near future. The Canadian government is assisting potential investors through such mechanisms as the Canadian International Development Agency's (CIDA) Industrial Co-operation Program, which gives financial assistance to interested firms to visit Malaysia to determine the economic viability of their projects and to identify local partners. Canadian investment will provide employment opportunities in Malaysia as well as

transfer needed technology. Canadian firms will therefore benefit as they are provided with a share of a new market as well as a good investment. At the present time, the Canadian industrial presence in Malaysia is represented mainly by the Aluminum Company of Canada (Alcan), Bata Shoe, and Northern Telecom.

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

## Philippine Exports Up by Thirty Per Cent

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

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

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

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

The leading non-traditional exports of the Philippines to Canada in 1980 were

integrated circuits, women's and girls' sandals, leather gloves and mittens, wrist watches, ceramic tableware, household furniture, children's footwear, textile gloves and mittens, household baskets, boxes, cans and bags, dresses, windows, doors, and window frames, wood foundation garments, and dolls.

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

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

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

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

Prepared by the Philippine Embassy, Ottawa.



## Energy Sector Attracts Canadian Interest

THE PHILIPPINE market offers a broadly-based potential for growth in Canadian exports of equipment and services for projects in natural resources, transportation, telecommunications, energy and power. These are sectors where Philippine resources and development strategy fit well with Canadian capabilities and experience. Within this broad horizon, Canadian interest in the Philippines over the past few months has focussed on the government's new five-year energy development plan.

Under this aggressive plan to free the country from its 82 per cent dependence on imported energy, some \$10 billion will be invested over the 1981-85 period. The focus of this diversification plan towards hydroelectric, geothermal and coal is to reduce dependence on petroleum to only 55 per cent by 1985. At the same time local petroleum resources development will be aggressively pursued as well.

The Philippines national focus on energy has coincided with the coming to fruition of the efforts of a number of Canadian firms to involve themselves in the market. A significant momentum appears to have been engendered in Canadian/Philippine energy relations.

Elements of this momentum included

Canadian engineering for a major hydro-electric project, the planning for the energy development of a new river system, coal resource studies, oil-to-coal energy conversion studies, and coal logistics studies. Canadian companies are heavily involved in the supply of steam generating equipment to the country's first 300 megawatt coal-fired power station at Batangas, which could be the first of a series of such plants over the coming decade.

At the same time, the Philippines has stated its intention of obtaining from Canada up to one third of its rapidly increasing coal requirements (amounting to some one million tons per year) and has stated its interest in investing in coal mine development in western Canada in order to ensure supply. Discussions with a number of western Canadian coal producers have been launched and the subject of Canadian coal for the Philippines represented a recurring theme during the visit to the Philippines of British Columbia Premier William Bennett in February this year.

Canada is also active in the development of the Philippines own energy resources. The Canadian firm Husky Oil pioneered oil exploration in the Philippines in the early 1970s. By the end of 1982 it may well have the largest stake of any foreign firm in Philippine oil production. Placer Development is a Canadian company that is already active in the Philippines through its investment

in Marcopper, one of the Philippines' most successful mining operations. In February Placer concluded an operating agreement with the Philippine Bureau of Energy Development (in association with British interests) for a new coal property in Isabela province in Northern Luzon. This property could produce up to 1.3 million tonnes of coal per year by 1985. The probable use for coal would be for an on-site coal-fired power station where, once again, Canadian interests would have an excellent chance of participating.

Nuclear energy is another area of cooperation between Canada and the Philippines. In June an agreement was signed between the two countries on the peaceful uses of nuclear material, equipment facilities and information transfer. The agreement will open the way for sales of Canadian uranium and the transfer of Canadian nuclear technology and CANDU reactors to the Philippines.

Senior Philippine energy officials have been quick to note the build up of Canadian momentum in the energy/power sector and have looked to Canada for participation in the upcoming ASEAN Energy Conference (ASCOPE '81), to be hosted by the Philippines in October this year. It is anticipated that Canadian Energy Minister Mark Lalonde will present the final paper of the conference on "Canada and ASEAN Energy Development," a theme which is likely to gain in significance both in the Philippines and ASEAN as a whole over the coming years.

## Western Leaders Attend Economic Summit in Ottawa

CANADA is host this month to the heads of state or government of the world's seven major industrialized democracies.

The occasion is the seventh annual economic summit on July 20-21. Attending are the leaders of France, the Federal Republic of Germany, Italy, Japan, the United Kingdom, the United States, and the President of the Commission of the European Community. The Ottawa summit completes the first cycle of summits which began in 1975 in Rambouillet, France. Since then, the summits have been held in Puerto Rico (1976), London (1977), Bonn (1978), Tokyo (1979) and Venice (1980).

Economic summits have come to symbolize the ongoing attempt of the industrialized countries to deal through consultation and co-operation with increasingly complex and serious inter-

national economic developments. The summit meeting serves as the single most important element in this continuous process. It brings together leaders of countries whose combined industrial output accounts for over half of the world's trade and about four-fifths of the production of the industrialized world. Because of their importance, both economically and politically, actions taken by these countries have profound effects on the world community.

Summits have not produced quick or dramatic solutions to underlying economic problems. They have, however, enabled leaders of the industrialized nations to achieve a greater understanding of the extent to which their economies are linked, to pursue a more co-ordinated, hence, effective, response to economic problems, and to generate new policy

initiatives. Summits bring key leaders together in a group that is powerful enough to have an important voice in world developments, yet small enough to allow open and direct discussion.

This year, the talks continue as Canada's Prime Minister Pierre Elliott Trudeau hosts and acts as chairman of the Ottawa summit. Economic growth, employment, inflation, and international trade policy, as well as a review of the energy strategy put forward at Venice, are key topics of discussion. An important theme is the needs of the developing countries. At the Ottawa summit, the North-South dialogue is being discussed against the background of a report by the leaders' personal representatives that was commissioned at the Venice summit. The report deals with aid policies for developing countries.

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## Around the Region

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### Canadian Activities in ASEAN Countries

#### INDONESIA

The Honourable Marc Lalonde, Canada's Minister of Energy, Mines and Resources visited Indonesia from May 3-6 at the invitation of Dr. B.J. Habibie, Indonesia's Minister of State for Research and Technology.

In an energy-short world, global energy issues are of great concern to world leaders. In this context, the discussions that Minister Lalonde held with President Soeharto, Minister Habibie, Mines and Energy Minister Soebroto, and other members of the Indonesian Cabinet led to a broader understanding of the Canadian and Indonesian points of view. In addition, the areas in which Canada and Indonesia can develop bilateral co-operation in the energy field, particularly with regard to Indonesia's plan to diversify its energy sources, were explored.

During Minister Lalonde's call on President Soeharto, the discussion focussed on future developments in the North-South dialogue. This was particularly appropriate in view of Prime Minister Trudeau's concern that the leaders of the world's seven industrialized nations review this subject at the Ottawa economic summit meeting on July 20-21. Accordingly, progress in the North-South dialogue has been clearly identified as a matter of high priority for both Canada and Indonesia. In President Soeharto's words, Canada and Indonesia are "bridging countries" in the North-South dialogue.

Canada's interest in entering into co-operation with Indonesia in the field of the peaceful uses of nuclear energy was the main topic reviewed during Minister Lalonde's discussions with his host, Dr. B.J. Habibie. Canada has offered to negotiate with Indonesia a nuclear non-proliferation safeguards agreement and to supply Indonesia with the CANDU nuclear reactor and related technology and support. Dr. Habibie indicated that Indonesia's decision on whether or not to "go nuclear," as an aspect of its bid to diversify energy sources, would likely be made in 1984 and that the interest shown by Canada would be taken into account.

Dr. Soebroto and Minister Lalonde held wide-ranging discussions covering

North-South relations in the energy context, current issues in OPEC including the development of the OPEC long-term strategy, the proposed energy affiliate for the World Bank, and possibilities for further co-operation between Canada and Indonesia in the energy, minerals and resources sectors. Minister Lalonde also invited Dr. Soebroto to pay an official visit to Canada in the near future.

In other discussions, Minister Lalonde exchanged views with Indonesian ministers and senior officials on Canadian investment in energy-related industrial projects in Indonesia, on the Indonesian economic mission to Canada that subsequently took place in May, and on the role of Indonesia's state oil company, Pertamina, in the development of the Indonesian economy.

\*

Calgary-based Hudson's Bay Oil and Gas (HBOG) has recently announced an oil discovery off the coast of Sumatra. The well, called MSA-1, produced oil at a rate of 12,000 barrels a day from six separate sand formations and HBOG's Indonesian subsidiary is now trying to determine whether there is enough oil to bring in a production platform. This is the second oil discovery by HBOG in the recent past and the company is planning more tests in the area.

HBOG holds an 8.66 per cent interest in a southeast Sumatra contract area consisting of nine fields.

Since November, 1980 HBOG has put three platforms to work in the Krisna field of Indonesia's Java Sea, producing 25,000 barrels, 16,000 barrels, and 15,000 barrels of oil a day respectively, and a fourth platform is scheduled to begin production in September. Additional platforms will be installed also this year in the Zelda field.

\*

The Indonesian Institute of Science (LIPI), with financial support from Canada's International Development Research Centre (IDRC), will undertake an 18-month study that should help Indonesian authorities develop a program to enhance the country's capability to undertake technology policy research and allow it to make more effective use of science and technology in its quest for national development by ensuring that

investments in science and technology are effectively related to national objectives.

This policy study is one of the first attempts by Indonesia to undertake this type of research and is designed to obtain an overview of the policies currently affecting the development of science and technology in Indonesia. Two types of scientific and technological activities will be examined — the supply of new knowledge from Indonesian research and development activities, and the demand for local technologies by Indonesian industry. A separate component of the investigation will examine the validity of the generalizations developed in the first phase in the context of a specific industry. This second phase of the inquiry will examine the science and technology policy framework in which the textile industry operates and determine the effect of policies set up to promote the transfer of technology within the industry.

IDRC is a Canadian government financial institution which concentrates on development research in the developing countries of the world. IDRC's regional headquarters for Asia are located in Singapore.

\*

Canada continued the expansion of its development co-operation program with Indonesia on May 26 when the Canadian International Development Agency (CIDA) loan for \$31.0 million was signed by Indonesian Foreign Minister Dr. Mochtar Kusumaatmaja and Canadian Ambassador W. H. Montgomery.

The loan, together with a \$10.3-million grant for consulting services signed last September, will assist Indonesia with the upgrading and reconstruction of 244 kilometres of highway between Banda Aceh and Meulaboh in the Special Territory of Aceh, Sumatra. The new road will provide more direct access to the Medan and Banda Aceh markets for north-west Aceh and open up the area for major agricultural development. The Banda Aceh Highway Project is the largest single project Canada has funded in Indonesia and is the first major Canadian bilateral project to be undertaken in Aceh.

The grant component of the project will provide Canadian consulting services for road design and construction supervision as well as for a major training program in equipment operation and maintenance. Permanent facilities will also be established for ongoing road maintenance in Aceh. The CIDA loan will

be used for procurement, through the Canadian Commercial Corporation, of road and bridge-building equipment and materials.

Over the past 10 years Canada has played an active role in Indonesia's program of economic development with the largest share of Canadian assistance directed to the transportation sector. Projects include the provision of aircraft and navigational aids for pioneer air services and the construction of roads and bridges. CIDA and Indonesia have recently begun the first phase of an extensive road betterment program for the island of Sulawesi which will involve final engineering, design and construction of over one thousand kilometres of road. Canada will also be playing a major role in the provision of rail and port facilities as part of the massive Bukit Asam Coal Project in South Sumatra. Assistance with the upgrading of the railway in Western Sumatra, as part of a major expansion of the Ombilin Coal Mine, is currently under active consideration.

CIDA will shortly be discussing with the Government of Indonesia a five year proposal (1981/82-85/86) for assistance in the transport sector. Projects under discussion include major road and rail projects as well as possible assistance with ports and marine facilities.

## MALAYSIA

Almost three hundred Malaysian young people have visited Canada under the Canada World Youth/Malaysia Youth Exchange Program since it was launched in 1973 under a bilateral agreement signed on behalf of the Canada World Youth and the Ministry of Culture, Youth and Sports, Malaysia.

The objectives of the program are to offer young people of both countries the unique opportunity to develop an understanding of attitudes and values and of the development process in each other's country; to give young people of the two countries the opportunity to undergo an intense educational experience that would enable them to share the daily lives of various communities by working together with the people; to create cultural contact through youth activities; and to contribute to the spirit of friendship and goodwill in society.

Under the agreement, Canada World Youth bears the expenses of air travel between the two countries for participants from both countries and at the same time is responsible for the cost of

internal transportation, living allowances and other incidental expense in connection with the program in Canada. The exchange country bears the expenses for living allowances, internal transportation and other incidental expenses.

The number of participants selected is the same for both countries and includes one co-ordinator from each country and group leaders. Each country selects its participants based on its own criteria. The age limit for Canadian participants is 18-21 but for Malaysian participants the upper limit is extended to 25. In Malaysia the participants are selected from among active youth leaders and members of youth clubs. The annual selection attracts hundreds of applications.

The program is divided into two phases. Phase I involves training camps and projects in Canada for a period of about three months. The projects determined for the groups are agricultural and agro-based industry, co-operatives, small business, and social services. Each group comprises a leader and seven members.

The Phase II activities are operated in Malaysia for a period of three months to carry out similar projects. However, owing to the varied interest of the Canadian groups, the activities carried out in Malaysia sometimes cover wider subjects of interest, such as batik printing, copper tooling, working in land resettlement schemes, and fishing.

The program has had its share of teething problems mainly due to cultural differences among the participants. However, the different perception of cultural values has brought about a greater understanding among the participants from both countries. The emphasis on "development experiences" has achieved its objective of creating an awareness among the participants on the needs of a developing country such as Malaysia and how they are being fulfilled.

\*

Earlier this year the tourism master plans for Sabah and Sarawak were finalized by Thompson, Berwick, Pratt and Partners, architects and planners from Vancouver, British Columbia. The studies were carried out on behalf of the Malaysian Tourist Development Corporation, in connection with federal and state government strategies levels for the promotion of Sabah and Sarawak as separate destination areas, or linked and promoted as an East Malaysia tourism package. In terms of visitor expenditures, it is estimated that by 1995 \$150 million will

be spent by visitors in Sarawak, and \$248.6 million in Sabah. In order to realize this potential, the studies call for the development of visitor facilities and infrastructure, including better transportation and access, general availability of water, electricity and telecommunications, and adequate sewage treatment. The importance of preserving the charm and attraction of the regions to be developed at the same time was stressed.

\*

The Malaysian Ministry of Trade and Industry recently announced the preparation of a trade mission to visit the United States and Canada during the month of October. Fifteen firms will be promoting products such as furniture, gift items, batik, jewellery, and rubber products. In Canada the mission will visit the cities of Toronto and Montreal. Any interested firm should contact the Director of the International Trade Division in the Ministry of Trade and Industry in Kuala Lumpur.

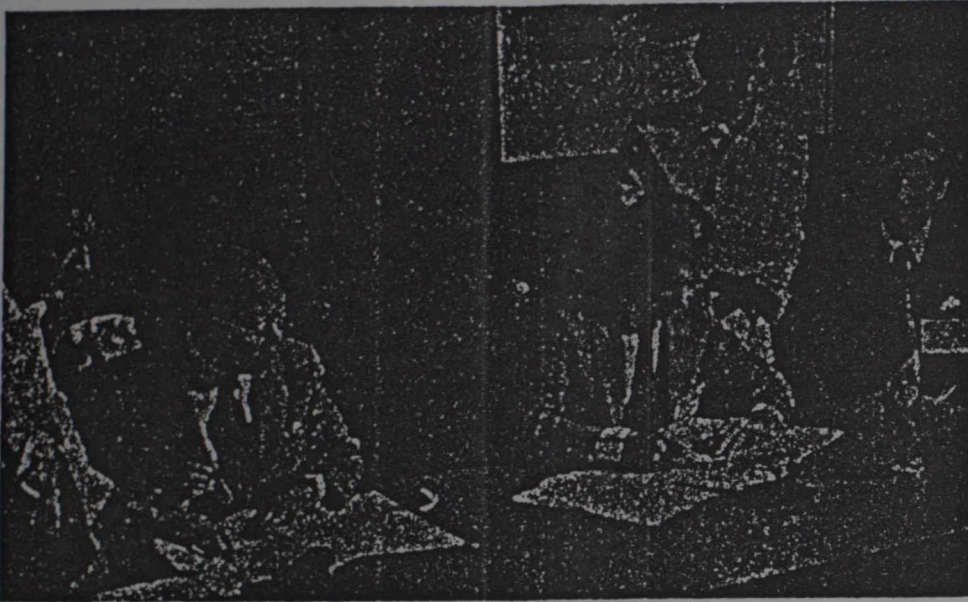
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Stanley Associates Engineering Ltd., of Edmonton, Alberta, is a Canadian company whose expertise in development and treatment of water supplies is well recognized in Canada and in several foreign countries, including Malaysia, the Philippines, South Korea, Barbados, Belize and Ecuador. The company recently completed a sewerage project in Ipoh that included the carrying out of detailed design, tender preparation, and construction supervision of sewage collection and treatment facilities. The facilities include approximately 18 km of sewers varying in diameter from 30 cm to 1.3 m, an oxydation pond treatment facility of approximately 63 acres, service connection and ancilliary works.

## PHILIPPINES

On June 19 the Canadian Secretary of State for External Affairs Mark MacGuigan and Philippine Foreign Affairs Minister Carlos P. Romulo signed a nuclear agreement between their governments concerning the peaceful uses of nuclear materials, equipment, facilities and information transferred between Canada and the Philippines.

The agreement is a positive indication of the importance both countries attach to co-operation in this critical area and opens the way for the sale of Canadian uranium and the transfer of Canadian



*A nuclear agreement between the Philippines and Canada was signed in Manila in June by Foreign Affairs Minister Romulo and Secretary of State for External Affairs MacGuigan.*

nuclear technology and CANDU reactors to the Philippines.

The agreement fully meets the requirements of Canada's non-proliferation and safeguards policy. The Philippines is a state party to the Treaty on the Non-proliferation of Nuclear Weapons (NPT) and has concluded an agreement with the International Atomic Energy Agency (IAEA) bringing all nuclear activities under safeguards.

Canada has concluded similar agreements with several other countries (Sweden, Romania, Finland, Australia, Japan, Republic of Korea and the United States) and the European Atomic Energy Community (EURATOM) representing ten additional countries.

\*

The urgency of intensifying and upgrading world food production is underscored in Canada's continuing support for the Consultative Group on International Agricultural Research (CGIAR). Formed in May, 1971 to boost the quantity and quality of meeting food requirements in developing nations, the CGIAR maintains a wide range of experiments on the various aspects of food production not given sufficient attention by existing research agencies. It recently received a \$9.075-million grant from the Canadian International Development Agency (CIDA).

Thirteen centres affiliated with CGIAR are engaged in studies on the principal food crops and the most common farming methods in the major ecological areas of the Third World. This year CIDA gave separate grants of \$1.4-

million to three of these centres, including the International Rice Research Institute (IRRI) at Los Banos in the Philippines for research to increase rice production and aid to the national institutes for rice research. The International Centre for the Improvement of Maize and Wheat (CIIMYT) in Mexico and the International Institute of Tropical Agriculture (IITA) in Nigeria received the other two CIDA grants.

\*

Thirty-three Filipino graduates of Canadian universities met on Commonwealth Day, March 9, to organize the Association of Canadian University Participants of the Philippines (ACUPP).

The aims and objectives of the group are to "promote closer relations and understanding between Canada and the Philippines to the end that these two countries may share mutual benefits while preserving their cultural heritage; provide a framework within which co-operative projects, multi-disciplinary in nature, could be undertaken; foster communications among agencies represented as well as their counterparts in the Canadian Embassy in the Philippines; co-operate with other organizations having complementary interests; and promote cultural, educational and scientific exchange between the two countries."

The first executive officers of ACUPP, among them Dr. Mona D. Valisno, president, and Dr. Ponciano B. Pineda, vice-president, were formally inducted by the Canadian Ambassador to the Philippines E. L. Bobinski. The Director-

General for Cultural Affairs and Information, Philippine Ministry for Foreign Affairs Consuelo Arranz actively encouraged and supported the founding of ACUPP.

\*

Mar Fishing Company, Inc., a joint venture by Marcopper Mining Corporation and British Columbia Packers Ltd. of Canada, recently ordered two new fishing vessels worth \$13 million from Vancouver Shipyards Limited of Vancouver, British Columbia. These vessels, with a capacity of 340 short tons each, were designed specifically to meet the requirements of Philippine waters.

Mar Fishing just completed its tuna processing facility in Zamboanga City with a rated capacity of 50 tonnes of raw tuna per day and is now going to engage directly in tuna fishing to augment its supplies of tuna from its buying operations, a move intended to provide an assured supply of raw fishing for its loining and canning plant. A detailed plan for marketing the tuna in Europe, Canada and Australia has been developed.

\*

Husky Oil of Canada holds the second largest participation (31.16 per cent) in the Cities Service Consortium, which has drilled 15 exploratory wells in offshore Palawan during the past five years.

Tara-1 is the latest oil well discovery in the country and the first struck for 1981. Its oil flow rate has improved to 2,700 barrels per day (BPD) from an initial flow rate of 2,500 BPD of high-grade crude oil.

Located in the cluster of oil-bearing reefal structures in the periphery of an oil province running nearly 50 kilometres, Tara attests to the presence of oil in this area and has raised possibilities of other exploration companies striking oil in other offshore areas, particularly the China Sea and the Sulu Sea. It brings to eight the number of oil strikes made by the Cities Service group.

Husky Oil also puts in a participation of 33.33 per cent in AMOCO explorations in Malajon and Cadlao, offshore drillings similarly located parallel to the coast of Palawan.

\*

Filipino buyers interested in purchasing Canadian goods and services can now take advantage of a financing package to assist them in their ventures. Under a US\$2.5-million line of credit agreement signed by Canada's Export Development Corporation (EDC) with the Philippine Invest-

ment System Organization (PISO), Philippine buyers are provided a simple and easily accessible credit facility through the PISO.

Contracts for purchases from Canada are considered on a case-to-case basis with priority given to projects in the communication, wood, and mining sectors.

The PISO was established on March 1, 1974, and in less than a year became an investment house following its licensing by the Securities and Exchange Commission. It has performed successfully in a marketing program involved with both private and industrial development in the Philippines.

EDC is a Canadian Crown corporation that arranges credit for foreign buyers in order to facilitate and develop the Canadian export trade.

## SINGAPORE

SEACan Development Ltd., an Ottawa-based firm, is actively involved in the promotion and development of joint ventures between Canada and Southeast Asia. In order to strengthen its position in Southeast Asia the company has recently acquired a Singapore equity partner, Mr. Peter Ngo Gim Kang. Mr. Ngo has been appointed as a director of SEACan and will be responsible for the firm's ASEAN operations. He is a prominent Singapore businessman with active business interests throughout ASEAN, Canada and Europe.

SEACan works through joint-venture partners in Indonesia (Wirasakti-SEACan), Philippines (Certeza International, Inc.), and Thailand (United Industry Ltd., Part.). This network of partners allows SEACan to provide timely and accurate information to clients and to effectively assist in establishing viable joint-venture operations. The company also maintains contact with federal and provincial government officials in an attempt to co-ordinate its efforts with those of the appropriate government agencies.

The Canadian International Developmental Agency (CIDA) has extended an invitation to Singapore's Department of Trade and Industry to send a representative to attend the 8th International Symposium on Small Business, which will be held in Ottawa from October 19-22. The symposium should follow closely on the conclusion of a trade mission the Singapore government

is planning to send to Canada. A representative from the private sector in Singapore will also be sponsored by CIDA, and similar invitations to the symposium are being extended by Canadian missions in other ASEAN capitals.

Three officials from Singapore's Ministry of Education and two from the National University (NUS) undertook a computer programming course in the Canadian capital, Ottawa, for three weeks in May. The training was sponsored by the Canadian government-supported International Development Research Centre (IDRC), which has its Asia regional office in Singapore.

They were Mr. Lee Ching Seng, a librarian at the ministry's headquarters library, Mr. Ten Chin Chor and Mr. Seah Hock Chee, systems analysts at the ministry's computer service branch, Miss Tan Hoon Cheng, a systems analyst at the NUS computer centre, and Mrs. Ong Kim Hong, assistant librarian at the NUS library.

The course was on the use of MINISIS, a generalized information-management system that has a set of programs to support library management and information retrieval in small- to medium-sized libraries for use on the Hewlett Packard 3000 series of computers. IDRC developed this software package and presented it to the NUS, as well as to the Ministry of Defence, last November.

An Easy World Fare has been introduced for travel on Singapore Airlines and Air Canada. The applicable fare levels are \$2,224 (Economy) and \$3,942 (First Class) which represent a substantial reduction on normal around-the-world fares.

The scheme takes advantage of the complementary route networks of SIA and Air Canada. SIA's international route network currently extends to 36 cities in Europe/Middle East, the Orient, Southeast Asia, Australasia and the U.S. Air Canada's network covers major Canadian cities such as Vancouver, Edmonton, Calgary, Saskatoon, Regina, Winnipeg, Toronto, Ottawa, Montreal, Halifax and Gander as well as Copenhagen, Frankfurt, Glasgow, London, Paris and Zurich in Europe.

All travel must be on SIA and Air Canada services. Travel can commence at any point in the SIA/Air Canada network and must be undertaken in the same direction, either eastwards or westwards

around the globe, but stops are unlimited. Reservation and ticketing is required to be made at least 21 days prior to date of departure.

The Telecommunication Authority of Singapore has ordered four Multiplus word processors, costing about \$48,000, manufactured by Montreal-based AES Data Ltd., which is 65 per cent owned by the Canadian government.

The Multiplus system is a shared and distributed logic system capable of being expanded to 16 work stations. It operates on the modular concept, which offers flexibility because each work station can be located in a different room — even on different floors.

Equatron, the local agent, is negotiating with other government bodies that have also indicated interest. In 1979 the AES group reported sales exceeding \$125 million worldwide.

The Executive Director of the Singapore Manufacturers' Association, Mr. Toh Tse Ming, was among 12 guest speakers at a conference held June 3-5 in connection with Cantrade '81, International Canadian Trade Fair, in Edmonton, Alberta. The title of Mr. Toh's address was "International Trade Within the Pacific Rim — A Singapore Perspective."

## THAILAND

Thailand's Foreign Minister Air Chief Marshal Siddhi Savetsila met with Canadian Secretary of State for External Affairs Mark MacGuigan in Ottawa, April 30-May 2, to discuss multilateral and bilateral issues.

Canada-Thai relations have become closer in the past few years in response to developments in Southeast Asia, in particular the outpouring of refugees from Indochina. Thailand, as the front-line country of ASEAN in this situation, has borne the brunt of the security threat posed by the continued occupation of Kampuchea by foreign forces. More than 500,000 Indochinese refugees have moved to Thailand since 1975.

Dr. MacGuigan and Foreign Minister Siddhi discussed plans for this month's United Nations conference on Kampuchea. The ASEAN countries spearheaded a UN resolution last year demanding the withdrawal of foreign troops from Kampuchea. The resolution, which was backed by Canada and a majority of UN members, also called for

an international conference to work out a political solution to the conflict. During their talks, Dr. MacGuigan reaffirmed Canadian support for the conference and for the ASEAN countries in their attempt to find a peaceful solution to the Kampuchean question.

Canada has contributed more than \$20 million to UN programs which have provided humanitarian assistance to Kampuchians in both Kampuchea and Thailand as well as to persons displaced by the refugee influx into Thailand. The Thai foreign minister expressed his gratitude for Canadian efforts in accepting and assisting Southeast Asian refugees and said he hoped Canada would continue to offer such assistance.

In addition to the Kampuchean question, the two ministers discussed the question of increased Canadian bilateral economic assistance for Thailand. While in Ottawa Mr. Siddhi also held talks with the Department of Employment and Immigration and the Canadian International Development Agency (CIDA).

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The Canadian Embassy announced recently that it has given financial assistance to the Thai Department of Education for two projects under the the embassy's Mission Administered Fund (MAF) program.

The first grant is to be provided to Fakkwan Wittayakhom School, Phayao province, for the purchase of four sows, their feed and housing to commence a swine production project. The school will purchase the sows to be raised and bred at the school with the assistance of the Fakkwan Agricultural Extension Station. The male piglets and those females unsuitable for breeding will be sold to finance the breeding operation, the cultivation of hog feed and to expand the school's agricultural program.

Under the Department of Education's Community Secondary Schools Project about 20 families will received training in the care and production of swine and female pigs with which to commence their own herd. Each family will eventually return two piglets to the school, one to go to another family and one to market in order to make the project financially self-sustaining.

Meanwhile, at Huey Pheung Community Secondary School near Khon Kaen students and adults have developed a fish-raising project. The Canadian Embassy will provide funds for the purchase of fish stock, nets, pipes and culverts. With these materials the villagers,

with the assistance of the local fisheries officer, will develop their own holding ponds. It is expected that sufficient fish can be raised to improve the villagers' diet and earn enough income to restock the ponds on a continuing basis.

Both projects are under the supervision of the Community Schools Project of the General Education Directorate. Director-General of the Department of General Education, Mr. Suradej

Visessurakarn, and the Deputy Director of the Office of Special Projects, Mr. Sawat Udompoch, recently accepted cheques from Canadian Ambassador Fred Bild to establish the two projects. Accompanying the senior Thai officials was Dr. Leslie Gue, an expert of community school development at the University of Alberta, Canada, who is currently working with the Thai Department of Education.

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## The Canadian Computer Scene

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### UTLAS – the Atlas of Cataloguers

WHEN MARUZEN, Japan's largest importer of foreign publications, set out to find the best computerized library system in the United States, the search ended in Canada. And when the New York Public Library decided to catalogue its immense collection by computer, it also turned to Canada.

The drawing card was the University of Toronto Library Automation Systems (UTLAS) which, after spending 17 years automating 70 per cent of Canada's libraries coast to coast, now ranks as the second-largest such system in the world.

The contracts from Japan and New York represent sales of \$1 million to \$2 million and may only be the beginning for UTLAS in the export market. Requests have arrived from nine other large U.S. research libraries, along with serious inquiries from Europe, South America and even Peking.

As well as offering bread-and-butter products such as cards and microfilm catalogues, UTLAS had the foresight to develop diverse services, many of which will come into play through the Japanese contract. Data transmission via telephone cables will fully automate Maruzen's overseas book-ordering department, which serves most of Japan's 3,700 libraries. Ten of those libraries, in turn, will be connected by computer terminal to the Toronto data base (which contained 5.6 million unique entries at last count), enabling them to use UTLAS cataloguing services.

Eventually, services will be offered in Japanese, a challenge to any North American computer, but one that UTLAS – long bilingual in French and English, and soon to handle Hebrew and Cyrillic scripts in the New York project – is prepared to meet.

Maruzen director Yoshimasa Shimooka says the company chose UTLAS because it is a total, comprehensive system. Its services and products are much more than it ever expected to find.

### Mastering Arabic for the Arabs

THE ARABIC-SPEAKING countries of the world are well on the way towards an Arabic computer, thanks to Syed Hyder, a computer science professor at the University of Montreal in Canada.

Through 10 years of effort to preserve Arabic's usage in a technologically changing world, Prof. Hyder discovered that there were groups of Arabic letter shapes whose linkages with other letters could be compressed by a computer algorithm (numerical formula).

While usually associated only with Arabic-speaking peoples, Arabic script is used in writing 51 non-Arab languages and dialects spoken by an estimated 550 million people in Iran and in parts of India, Pakistan, and China.

The previous solution to the problem 'of either' typewriter- or computer-generated Arabic was to truncate the language. The result was an abbreviated and unpleasing Arabic. While it was legible to the Arabs, its unnatural form created cultural antagonisms of which many non-Arabs would not even be aware.

The Hyder algorithm is written onto a computer chip and inserted into a typewriter, the disc typing unit of which contains all the forms of the Arabic letters. The computerized linguistic memory takes over at the touch of the typewriter and decides in milliseconds what letter forms are needed. Prof Hyder, in conjunction with the Quebec manufacturer Comterm, has already sold

\$12-million worth of computer display devices to the Saudi Arabians.

## Selling Japan on Japanese

IBM's CANADIAN research laboratory in Toronto, Ontario, helped to develop a computer terminal which reads both Japanese and Chinese ideograms.

After a three-year development program, Canada is exporting to Japan a terminal with 254 keys and 12 shift keys which give access to 2,500 common characters written in either "Hiragana" or "Kanji." Representing 80 per cent of written Japanese, the Hiragana presents basic symbols of spoken Japanese which when combined with the ideographic Kanji characters form sentences.

A further 9,000 characters are available using an alternate decimal call-up system. However, even with a keyboard that looks as if it were designed by a crazed crossword-puzzle fanatic, designers haven't scratched the surface of the complexity of Japanese. There are an estimated 50,000 characters which can be used, so for each character above the 11,500 which are readily available, a Japanese typist must look up in a computer dictionary a special two- or three-step retrieval code.

## Managing Forests with Forcyte

A CANADIAN researcher is putting together a computer program that will help foresters to manage forests to their best advantage.

The program being developed by Hamish Kimmins of the University of British Columbia will simulate the repeated life cycles of a forest, tracing the crucial flow of nutrients between soil and tree, and air and water.

It has already demonstrated that a forest can slip over the edge and too much management will diminish the harvest. To be added to the program are cost factors that will tell forest managers how much to invest in silviculture.

The computer model, called Forcyte, can be adapted to fit any planted forest. Users need only basic tree chemistry measurements and tree growth tables, which have already been compiled for most commercial stands. Then they can forecast forest trends for up to 500 years.

## International Exposure for Telidon Technology

NORTH AMERICA has passed a major milestone in electronic publishing standards with the achievement of compatible standards between Canada's Telidon, the Columbia Broadcasting System (CBS) and the American Telephone and Telegraph Company (ATandT).

As a result, consumers all over North America will have access to a vast array of electronic publishing and other services from anywhere in Canada and the United States with the same home set or office equipment.

This achievement is the culmination of several years of efforts by Canadian, U.S. and foreign technical experts in research and development laboratories, international standards organizations, the Canadian Videotex Consultative Committee, and the U.S. Electronics Industry Association.

Canada's Department of Communications will soon issue a provisional broadcast specification incorporating these recent developments as one of the final steps to formally adopting a Canadian broadcast teletext standard. And, it is understood that CBS will update their filing with the Federal Communications Commission (FCC) to reflect these most recent developments to achieve compatibility.

All of Telidon's present capabilities, as well as demonstrated enhancements, can now be made available to the entire marketplace in standard videotex and teletext products and Canadian industry is already taking steps to implement these new developments in all of their products and services. At least 20 Canadian companies are actively producing Telidon products and services and will be well placed to capture a significant share of the North American market.

Meanwhile, Norpak Ltd., the privately-owned Canadian company that originally developed Telidon in conjunction with the Canadian Department of Communications, has entered into an agreement with Apple Canada Inc. Apple, a public corporation with headquarters in California, is a leader in the worldwide personal computer market.

Under the agreement, Norpak will design and manufacture a Telidon interface card for the Apple II and Apple III personal computers. With this card Apple users will be able to directly access Telidon information banks for an increasing range of applications, such as electronic mail and shopping, ticket reservations, educational courses,

reference materials, statistical data, and interactive games.

According to the manufacturers, the graphics generation and software on both the Apple II and the Apple III make these computers particularly suitable to the Telidon technology and, through this agreement, the best personal computer is being combined with the best videotex service. With more than 200,000 Apple II personal computers throughout the world, Telidon technology has the opportunity of gaining maximum international exposure.

An Apple II or Apple III user will simply purchase the Telidon interface card at a reasonable cost, plug it into one of the computers expansion slots, and be able to receive via standard telephone or data lines any information in the Telidon format. If desired, the user can store this information and edit or complement it through the computer.

More recently, Norpak and a neighbouring Ottawa area firm, Hempton Corporation, jointly entered into another agreement much further afield — in Australia. The Consolidated Electronic Industries group of Melbourne — one of the major suppliers to the Australian telephone network, Telecom — has agreed to manufacture Telidon terminals.

Norpak will supply the Australian company with \$2-million worth of components over the next three years. Hempton Corp., manufacturers of equipment suitable for the display of electronic information in business and in Telidon applications and one of the major creators of frames of information for the Telidon network, will supply \$1-million worth. These sales vastly improve the possibilities of the Telidon system becoming standardized in Australia.

Both Norpak and Hempton went to West Germany in June to arrange similar agreements and are hoping also to break into the market in Switzerland, Austria, and Belgium.

A strong vote of confidence for Canada's Telidon technology came from the large Canadian corporation, Noranda, last month. The company announced that its was investing \$30 million through its wholly-owned subsidiary MacLaren Power and Paper Ltd. in Norpak Ltd. The money is to be used, on top of the commitment already made by MacLaren in Norpak, for the further development and production of display systems and in particular Telidon.

## News Briefs

Canada will contribute a further \$2.25 million over the next three years to the Asian Development Bank's technical assistance special fund, Finance Minister Allan MacEachen announced at the bank's annual meeting held in Honolulu, May 1.

Mobil Oil has signed a contract for the purchase of one de Havilland Canada DASH-7 and has optioned a second. The DASH-7 will be used to support exploration, development and production activities in Southeast Asian oil fields. Mobil has operated Twin Otters in Southeast Asia and throughout the world for the past 12 years.

Seven major Japanese companies have signed contracts clearing the way for the first joint Canadian-Japanese development of Canadian coal resources. Japan's big six steel-makers and Mitsui and Company, a trading company, agreed to acquire a 40 per cent equity in a \$180-million project to recover coking coal from Alberta's Gregg River district. The Japanese companies, which signed with Alberta's Gregg River Resources Limited, agreed to bear 40 per cent of the cost of the project. Industrial sources said the Japanese companies have agreed to buy 2.13 million tonnes of coking coal.

The Hydro and Power Authority of British Columbia, Canada, will develop a \$5-billion coal-fired power generating plant at Hat Creek. A \$600-million scrubbing process will be incorporated into the plant to protect air quality and all but eliminate potential acid rain. Construction could begin in early 1983 and the first electric power produced from it by August, 1988.

The design of a new type of dynamically positioned semi-submersible drilling rig intended for operations in environmentally hostile areas has been commissioned by Federal Commerce and Navigation Ltd. of Montreal, Canada. The vessel, estimated to cost \$200 million in 1985 dollars, is to be an eight-column design, with 10 thrusters, total diesel-electric power of about 42,000 horsepower, enlarged stacking capacity, and be able to drill in more than 2,134 metres of water — considerably deeper than most existing semi-submersible rigs can handle. Complement is to be 120. Its performance and capacity to remain on location in hostile environments would be superior to the Sedco 709, the only dynamically positioned semi-submersible now in operation, and the Sedco 710 now under construction.

The first allocation under a \$2-billion line of credit signed in August 1979 between the Bank of China and Canada's Export Development Corporation (EDC) to the Bank of China was recently concluded. EDC announced a \$6.8 million financing agreement to support an \$8-million sale of Canadian equipment and related services for a copper ore grinding facility in the People's Republic of China. Allis-Chalmers Canada Inc. of Lachine, Quebec, has received the order for two grinding mill circuits and components for a third circuit.

The Export Development Corporation of Canada has concluded a US \$6.82-million financing agreement to support an \$8.05-million purchase by Korean Airlines of South Korea of a Boeing 747 flight simulator from CAE Electronics Ltd. of Montreal.

The Canadian Commercial Corporation, a federal Crown agency, has awarded a production contract to DAF Indal Limited, Mississauga near Toronto, Ontario. The \$5-million contract, on behalf of the United States Navy, Naval Air Systems Command, is for Recovery Assist Secure and Traverse (RAST) systems and support for the U.S. Navy Light Air Borne Multi-Purpose Program. The RAST equipment provides for the safe operation of helicopters from the decks of cruiser-, destroyer-, and frigate-type vessels in weather conditions that would otherwise prevent helicopters from taking off or landing. It is the result of four years of development to modify equipment originally developed by the Canadian Forces.

There has been an increase in the number of Southeast Asian tourists travelling to Canada. According to comparative figures from Statistics Canada, 52.4 per cent more Singaporeans, 54.1 per cent more Malaysians, and 30.5 per cent more Filipinos visited Canada in 1980 than did in 1979.

Northern Telecom Limited — the largest manufacturer of telecommunications equipment in Canada and second largest in North America — which has its headquarters near Toronto, has already sold or received orders for its DMS digital switching and transmission systems to serve more than four million equivalent telephone lines (including long-distance trunks). If the SL-1 digital business communications system is included, Northern Telecom's Digital World products have been ordered to serve over five million equivalent lines, which the company claims is a sales record that no

other company in North America can even approach.

Goodwood Data Systems Ltd. of Carleton Place, Ontario, Canada, has received a \$1-million contract from the Hong Kong government to design and manufacture an electronic typhoon warning system.

Officials of the Canadian Imperial Bank of Commerce (CIBC) have held talks with Chinese officials about setting up a representative office in Peking. The proposed office would promote trade between China and Canada and arrange joint ventures between Chinese and foreign investors. If approved, the bank would be the fifth foreign bank so far this year to establish an office in the Chinese capital. CIBC also plans to establish an office in Shenzhen, a special economic zone bordering Hong Kong, and will establish its regional headquarters in Hong Kong. That office will be responsible for the bank's operations in Asia and Australia, including planned expansion in Southeast Asia.

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