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INTERNATIONAL TRADE MINISTER CROSBIE PROMOTES TRADE INTERESTS IN SOUTHEAST ASIA

International Trade Minister John C. Crosbie will tour Southeast Asia January 6-23 to strengthen trade relations with the region and re-affirm his support for a multilateral trade agreement that will mutually benefit Canada and developing countries.

Mr. Crosbie will begin his official tour with a visit to Vietnam January 6-10 where Canadian business activity, especially in the oil and gas sector, has increased in recent years. His visit, the first by a Canadian minister since the country was unified in 1976, will signal continued improvement in Canada-Vietnam relations.

Mr. Crosbie will visit Malaysia January 10-12, Thailand January 16-17 and Indonesia January 20-23. The three countries, members of the six-nation Association of Southeast Asian Nations (ASEAN), are increasingly important trading partners for Canada.

Throughout his visit to the ASEAN countries, Mr. Crosbie will stress Canada's commitment to a successful conclusion of the Uruguay Round of multi-lateral trade negotiations. "Arriving at a set of fair and universally agreed upon trade rules will benefit all countries, large and small alike," he said.

Canada's economic relationship with the ASEAN countries is strong. Trade doubled to \$3 billion in the three years up to 1989. "Canada's technological expertise in areas such as telecommunications is an excellent fit for the development and investment needs of these countries," Mr. Crosbie said.

During his visit, the minister will be accompanied by a delegation of Canadian business people.

In Kuala Lumpur, Malaysia, Mr. Crosbie is scheduled to meet Malaysian Trade Minister Rafidah Aziz and other members of the cabinet, as well as Malaysian business people. He will also participate in the inauguration of a major development program called Enterprise Malaysia-Canada. The program is sponsored by the Canadian International Development Agency (CIDA) and is designed to help Malaysia improve its industrial base using Canadian technology.

In Bangkok, Thailand, the minister will open Hi-Tech Canada '91, a Canadian showcase of sophisticated Canadian products highlighting the energy, especially electricity generation and transmission, environment and communications sectors. The minister will meet Thai Commerce Minister Amaret Sila-On and other members of the cabinet, as well as Thai business people.

In Jakarta, Indonesia, Mr. Crosbie is scheduled to meet senior cabinet ministers including his international trade counterpart, Dr. Arifin M. Siregar. He will also meet members of the Canadian and Indonesian business community.

Bilateral trade with Vietnam is currently limited, but Mr. Crosbie said that there has been "a burgeoning" of interest by Canadian business in Vietnam since 1989 as a result of ongoing economic reforms, in particular the Law on Foreign Investment. Leading the way have been Alberta oil and gas companies (Sceptre Resources, International Petroleum and Petro-Canada), who have recently signed exploration and production-sharing agreements.

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For more information, media representatives may contact:

Media Relations Office
External Affairs and International Trade Canada
(613) 995-1874

Canada-Vietnam Relations

Bilateral trade between Canada and Vietnam is modest. In 1989, total trade between the two countries was approximately \$18 million. That figure comprised \$2.8 million in exports from Canada and \$15 million in imports from Vietnam.

Low technology petroleum products, fertilizer and steel represent a large part of Canadian exports, while imports from Vietnam consist predominantly of prawns, shrimp and textiles.

Interest in stronger commercial ties has begun to grow recently as many Canadian companies now recognize the potential of infrastructure development projects in the oil and gas, telecommunications, hydro-electric power and transportation sectors.

The 120,000-strong Vietnamese-Canadian community is expected to forge new business links with the country as Vietnam opens its market to foreign collaboration and investment. Vietnam has embarked upon a process of economic liberalization although recent pronouncements by government officials indicate some hesitancy about this course.

Canada opened diplomatic relations with North Vietnam in 1973, which continued uninterrupted with the Socialist Republic of Vietnam after unification in 1976. Relations are maintained through Canada's ambassador in Bangkok.

Although Canada has never imposed trade restrictions on Vietnam, the Vietnamese invasion of Cambodia in 1978 resulted in strained relations and the cessation of Canada's aid program.

On March 14, 1990, the cabinet decided to resume official development assistance to Vietnam, as well as to Laos and Cambodia. During the next five years, the Canadian International Development Agency (CIDA) plans to allocate about \$20 million in aid to Vietnam.

The extent of Canadian assistance will be predicated upon several factors, including Vietnam's human rights record and its role in the peace process in Cambodia.

Canada-Malaysia Trade

Vigorous economic growth, industrial diversification, political stability and the market orientation of the Malaysian government's economic policies combine to make Malaysia an attractive investment destination and a valuable economic and trading partner for Canada.

Two-way trade between Canada and Malaysia reached a high of \$583 million in 1989. The balance of trade has been in favour of Malaysia since 1986, but this surplus is now narrowing. Canadian exports to Malaysia totalled \$218.6 million in 1989 (up 14 per cent from 1988) while imports were valued at \$320.1 million, slightly below the 1988 figure of \$323.9 million.

Canadian services, such as engineering consultancy, far exceed the sum of our major exports. However, these services are not accounted for in trade flow figures, which consequently do not fully express the size of the Canada-Malaysia commercial relationship.

Exports from Malaysia to Canada continue to consist predominantly of manufactured goods, primarily electrical products made in Malaysia by foreign-owned companies for the export market. Canadian exports to Malaysia represent a more diverse mixture of goods, consisting in 1989 of primary resources (30 per cent), semi-processed goods (45 per cent), and fully manufactured goods (25 per cent).

Malaysia, which has a population of 17.6 million and a per capita income of US\$1,856 a year, offers a potential market for advanced technologies, including informatics and telecommunications; oil and gas equipment and services; agriculture and food product services; defence-related products and services; and power and energy-related equipment and services.

The Canadian International Development Agency (CIDA) is playing an important role in the promotion of business development in Malaysia through increasing business ties between Canada and Malaysia. A new venture entitled Enterprise Malaysia-Canada, funded under Canada's bilateral aid program, will promote the transfer of Canadian technology and know-how to Malaysia through joint ventures and other co-operative endeavours between the private sectors in both countries.

Canada-Indonesia Trade

Two-way trade between Canada and Indonesia has more than doubled since the early 1980's, reaching a high of \$502 million in 1989. The balance of trade has remained favourable to Canada throughout the decade, with 1989 exports to Indonesia reaching \$311 million. Imports from Indonesia totalled \$191 million.

Canada's principal exports are pulp and paper, cereals, plastics and sulphur, which together represent almost 70 per cent of the total. Indonesia's principal shipments to Canada are rubber, wood and textiles, which together represent 66 per cent of the total.

Indonesia remains among the largest recipients of development funds from the multilateral development banks. Thus Canadian priorities in this market continue to include vigorous pursuit of consulting contracts and equipment procurement funded by these institutions.

With 180 million people, Indonesia is the world's fifth most populous country. It has been identified as a potential market for Canadian advanced technology, including telecommunications, education and training services, chemical products and equipment and services in the petroleum, mining, power and industrial sectors.

Canada's current exports of services to Indonesia, including engineering and specialized training, are estimated at \$50 million per year.

The Canadian International Development Agency's (CIDA) program for Indonesia is now its third largest, with total disbursements reaching \$54.4 million in 1989-90.

Since 1976, the value of Canadian direct investment in Indonesia has reached a total of \$1 billion, with most of the sum accounted for by Inco and Bata Footwear. More than 40 Canadian companies have offices in Jakarta, and many Canadian personnel operate in the large oil and gas sector.

Canada-Thailand Trade

Thailand is Canada's largest trading partner in the Association of Southeast Asian Nations (ASEAN). Two-way trade exceeded \$758 million in 1989, with Canada exporting \$339 million in goods to Thailand and importing \$419 million.

Canada has identified strong market opportunities in advanced technologies, including telecommunications, energy, agriculture and food products and services, and power and energy-related equipment and services.

Raw materials and commodities such as aluminum, asbestos, iron and steel and wood pulp account for about half of Canada's exports to Thailand. However, machinery and equipment, such as boilers, aircraft equipment and other electronic and electrical equipment, have recently become features of Canada's exports to Thailand.

Thai sales to Canada have consisted mainly of textiles, fish, seafood and food preparations, as well as products like jewellery, footwear, computers and other electronic equipment. Automobiles manufactured by a Japanese-Thai joint venture have become a new feature of Thai exports to Canada and have contributed approximately half of the increase in trade since 1988.

Thailand has a population of approximately 56 million and a per capita income of US\$1,176.

The Canadian International Development Agency (CIDA) is actively promoting business development in Thailand through a five-year program focused on building ties between the Canadian and Thai private sectors. The project is called the Thai-Canada Enterprise Collaboration Program and is aimed at promoting the transfer of Canadian technology and know-how to Thailand through joint ventures and other co-operative endeavours between the private sectors in both countries.

In addition, Canada's Program for Export Market Development (PEMD) has supported 297 approved projects at a cost of \$2.3 million, generating \$23 million in sales to Thailand since inception of the program in the 1970s.