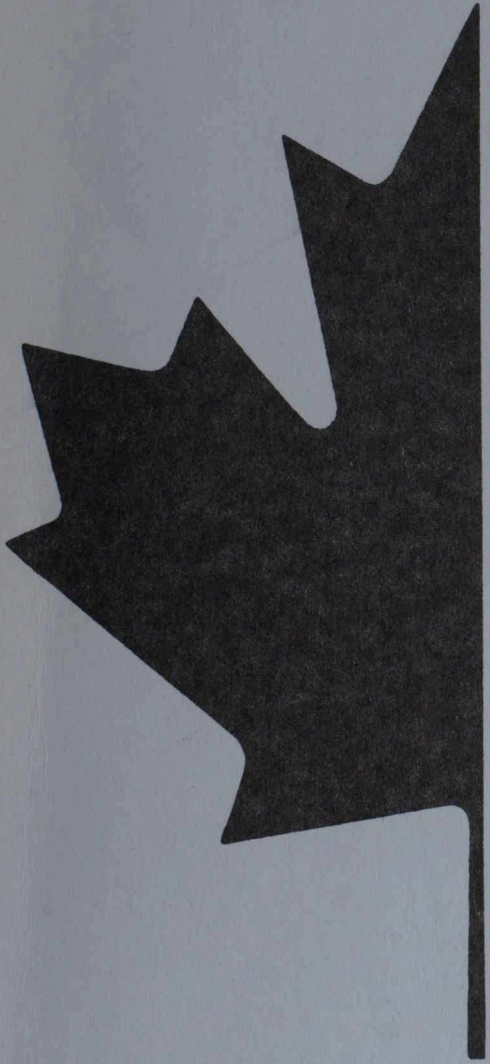


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BRUNEI

INDONESIA

MALAYSIA

PHILIPPINES

SINGAPORE

THAILAND

**BUSINESS GUIDE
TO ASEAN**

1990/91

External Affairs and
International Trade Canada

Canada

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ASSOCIATION OF SOUTHEAST ASIAN NATIONS

The Association of Southeast Asian Nations (ASEAN) comprises the ten states: the Philippines, Singapore and Thailand, who formed in August 1967, and Brunei and Indonesia, who joined in January 1984. The original objectives of ASEAN are stated in the Bangkok Declaration of 1967: (1) to accelerate economic growth, social progress and cultural development in the region, and (2) to promote regional peace and stability.

ASEAN members have made great strides in pursuit of cooperation in political, regional and international peace and security, as well as in social and economic matters. However, in the trade area, significant progress has been made recently. In 1987, ASEAN signed the ASEAN Trade Framework Agreement, which provides for a more liberalized trade environment. ASEAN is also working to create a free trade area, but complementarity and interdependence among members in the manufacturing, services and fisheries sectors.

In 1987, The Third ASEAN Summit took several steps to promote greater economic cooperation among members, with particular attention to the more high-priority schemes now in place. ASEAN's Free Trade Agreement (FTA) and the ASEAN Industrial Joint Ventures and ASEAN Regional Development Fund.

- 1 -

The ASEAN Free Trade Area (AFTA) is a major initiative to reduce trade barriers and to enhance trade preferences among its members. It is a key element of the ASEAN Economic Community (AEC). Since its introduction in 1977, the FTA has grown to include all member countries. Since its introduction in 1977, the FTA has grown to include all member countries.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS

AFTA provides for a 5-year phase-out of tariffs on 90% of goods traded between member states. At least 80% of the value of ASEAN exports to each other must be covered by an increase in preferential tariff rates, and a commitment not to increase tariff barriers affecting intra-ASEAN trade.

The ASEAN Industrial Joint Ventures (AIJV) scheme allows ASEAN member states to attract private sector interest, especially from foreign investors who may now have a 49% equity in an AIJV project, up from 40%. Other provisions include preferential treatment for AIJV projects and incentives for investors. The AIJV scheme is a key element of the ASEAN Economic Community (AEC).

ASEAN is also working on a Complementary and Inter-ASEAN Dialogue to promote economic cooperation. The primary objective is to promote economic cooperation and to create a more integrated working market. ASEAN's Charter of Commerce and Investment provides for a more liberalized trade environment. ASEAN is also working to create a free trade area, but complementarity and interdependence among members in the manufacturing, services and fisheries sectors. ASEAN is also working to create a free trade area, but complementarity and interdependence among members in the manufacturing, services and fisheries sectors.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS

The Association of Southeast Asian Nations (ASEAN), comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand, was formed in Bangkok in 1967. Brunei became the sixth member in January 1984. The original objectives of ASEAN as stated in the Bangkok Declaration were: (1) to accelerate economic growth, social progress and cultural development in the region, and (2) to promote regional peace and stability.

ASEAN members have made great strides in political cooperation on bilateral, regional and international political/security issues, as well as on broad economic matters. However, to date trade and commercial cooperation has been relatively modest. Progress in this latter respect has been slow since ASEAN economies are in many respects not complementary, and members are often competitors in the natural resources, agriculture, and fisheries sectors.

In 1987, The Third ASEAN Summit took several steps to galvanize greater economic cooperation among members, with particular attention to the three high-profile schemes now in place: ASEAN Preferential Tariff Arrangements; ASEAN Industrial Joint Ventures; and ASEAN Industrial Complementation.

The basic feature of the *Preferential Tariff Arrangements* (PTA) has been a commitment to exchange tariff preferences based on lists of products imported by member countries. Since its introduction in 1977, the PTA has grown to include over 20,000 items. However, the PTA scheme has not been successful in promoting intra-ASEAN trade as most significant items have been excluded. In 1987, ASEAN announced a 5-year plan to extend PTA coverage to 90% of total goods traded within the region and at least 50% of the value of total ASEAN-sourced imports. Other measures included an increase in preferential tariff rates and a commitment not to increase tariff or non-tariff barriers affecting intra-ASEAN trade.

The *ASEAN Industrial Joint Ventures* (AIJV) scheme was amended to attract greater private sector interest, especially from foreign investors who may now possess up to 60% equity in an AIJV project, up from 49%. Other improvements included an increase in tariff preferences for AIJV projects and undertaking to introduce Investment Guarantee legislation to protect investments from expropriation or nationalization.

ASEAN Industrial Complementation has been designated by the governments as the private sector's contribution to economic cooperation. Various industry groups, working through the ASEAN Chamber of Commerce and Industry, have set up "industry clubs" (15 at present) to develop cooperative approaches designed to strengthen their joint commercial and industrial activities. In some cases this has led to the integration of the industry on an ASEAN-wide basis. Cooperation is intended to take the form of harmonization of products standards and testing procedures, research and development, and coordination of investment projects so that ASEAN companies will not compete with each other. Again, progress has been very slow in this area.

Canada - ASEAN Relations

Canada has sought, since the mid-seventies, to develop relations with ASEAN in recognition of its positive contribution to the peace, stability and development of Southeast Asia and to strengthen bilateral links with ASEAN member states. Canada became a "dialogue partner" with ASEAN in 1977. In order to ensure a formalized contact point for each of its "dialogue partners" (Canada, Australia, the EC, Japan, New Zealand and the United States), ASEAN designates a coordinating country on a rotating basis. Canada's current dialogue coordinator is Brunei.

A Canada-ASEAN Economic Cooperation Agreement was signed in September 1981, and came into effect in June 1982. Under the Agreement, a Joint Cooperation Committee (JCC) was established to review progress in various forms of commercial and development cooperation between Canada and the ASEAN multilateral grouping. JCC meetings are held regularly, alternating between Canada and ASEAN capitals. The sixth meeting of the JCC was held in Brunei on November 21-22, 1989.

Since 1980, Canada's Secretary of State for External Affairs (SSEA) has attended the annual ASEAN Foreign Ministers Post Ministerial Conference (PMC) in various ASEAN capitals. The conference focuses on regional and international economic and political issues of interest to ASEAN and the dialogue partner countries. It provides a unique opportunity for the SSEA to discuss the evolving bilateral relationship with counterpart Foreign Ministers of ASEAN states.

Canada - ASEAN Trade and Investment Cooperation

Canada's economic and commercial relationship with ASEAN is strong and growing. The dynamism associated with the steady growth and diversification of the economies of the ASEAN member countries offers excellent opportunities for Canadians.

Bilateral trade between Canada and ASEAN has doubled over the past three years reaching \$3 billion in 1989. Canadian exports to the region increased from \$660 million in 1986 to \$1.34 billion in 1989, while imports grew from \$854 million to \$1.64 billion during the same period. There is tremendous potential for future growth in the ASEAN-Canada trading relationship. ASEAN and Canadian exports account for only approximately 1% of each other's markets and there is real complementarity between Canadian consulting skills and sectors of strength, such as telecommunications, and ASEAN development and investment needs.

Canada and ASEAN have agreed that one of our fundamental objectives is to expand trade between our countries to a level more commensurate with our respective economic strengths. To this end, the Canadian Government has funded a series of conferences, trade and investment missions and feasibility studies aimed at expanding the commercial relationship.

The value of Canadian direct investment in ASEAN countries increased from \$800 million in 1980 to \$1.5 billion in 1989. While the INCO mining investment in Indonesia accounts for a major portion of this amount, the Canadian presence in ASEAN countries, through joint ventures or other forms of investment is expanding.

The ASEAN-Canada Business Council (ACBC) was created by the Canadian Chamber of Commerce and the ASEAN Chambers of Commerce and Industry in October, 1986 to promote increased business ties between Canada and the countries of ASEAN.

Canada-ASEAN Development Cooperation

Until 1986, Canadian development cooperation with the ASEAN countries as a group had centred primarily on natural resource development and transfer of technology. Given the rapid growth in the economies of ASEAN, assistance has been evolving towards a greater emphasis on industrial cooperation and, more particularly, human resources development, an area where Canada is making a major initiative. In 1987, an ASEAN Human Resources Development Fund was established with funding of \$740,000 for study tours and training, primarily for government personnel. An ASEAN scholarship fund has also been established with funding of \$60,000 to permit approximately 30 person years of diploma and graduate training in Canadian educational institutions. In 1989, Canada established the Canada-ASEAN Centre in Singapore in part to facilitate ASEAN-wide development cooperation activities, and to extend Canada's profile in the region more generally.

Canada-ASEAN Trade Statistics (Cdn \$ million)		Major Canadian Exports (1989)	
Year	Value	Commodity	Value
1989	1280	Cereals/Wheat	11.7%
1988	1308	Machinery	8.2%
1987	1308	Pulp of Wood	7.8%
1986	1280	Plastics	7.2%
1985	1280	Iron & Steel	7.2%
1984	1280	Other	37.8%
1983	1280		
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1669	1280		

FACT SHEET - ASEAN

August 1990

Member Countries: Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand

Intra-ASEAN Trade: (1988) US\$ 18.25 billion

Major Trading Partners (1988):

Exports (US\$ billions)

1. USA (\$21.9)
2. Japan (\$20.0)
3. Hong Kong (\$4.8)
4. Germany (\$3.6)
5. United Kingdom (\$3.4)

Imports (US\$ billions)

1. Japan (\$20.4)
2. USA (\$16.1)
3. Taiwan (\$4.7)
4. Germany (\$4.6)
5. United Kingdom (\$3.5)

Composite of Total ASEAN Trade (1988):

	<u>% of Imports</u>	<u>% of Exports</u>
Brunei	0.1	0.2
Indonesia	11.7	23.3
Malaysia	19.5	16.4
Philippines	12.5	16.4
Singapore	30.6	18.2
Thailand	25.6	25.5

Canadian Trade Statistics: (Cdn \$ millions)

	<u>1980</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Exports	730.8	741.0	645.6	908.5	1156.1	1334.9
Imports	388.0	696.2	854.2	1084.8	1492.1	1639.3
Total 2-Way	1118.8	1437.2	1499.8	1993.3	2648.2	2974.2
Balance	+342.8	+44.8	-208.6	-176.3	-336.0	-304.4

Major Canadian Imports (1989)

Electrical Equipment	22.4%
Machinery	16.3%
Apparel	7.1%
Rubber	6.8%
Prepared Meat & Fish	6.6%
Other	40.8%

Major Canadian Exports (1989)

Cereals/Wheat	11.7%
Machinery	8.2%
Pulp of Wood	7.9%
Plastics	7.2%
Iron & Steel	7.2%
Other	57.8%

MAJOR CANADIAN EXPORTS TO ASEAN

('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
10	Cereals	84,761	156,395
84	Boilers, mchy & mech appliance; parts	60,602	110,018
47	Pulp of wood/of other fibrous cellulosic mat; waste etc	92,432	104,879
39	Plastics and articles thereof	95,441	96,205
72	Iron & steel	35,502	95,618
48	Paper & paperboard; art of paper pulp, paper/paperboard	111,732	95,052
25	Salt; sulphur; earth & stone; plastering material; lime and cement	75,778	92,109
88	Aircraft, spacecraft & parts thereof	4,214	75,845
31	Fertilisers	118,247	75,583
85	Electrical mchy equip parts thereof; sound recorder etc	54,896	57,221
26	Ores, slag and ash	9,220	47,707
99	Special Transaction-Trade	43,837	41,033
29	Organic chemicals	32,238	39,342
79	Zinc and articles thereof	30,825	35,382
86	Railw/tramw locom, rolling stock and parts	---	16,057
76	Aluminium and articles thereof	56,258	15,986
71	Natural/cultured pearls, precious stones & metals coin, etc.	36,388	15,714
55	Man-made fibres	13,108	12,522
90	Optical, photo	15,539	12,413
12	Oil seed, oleagi fruits; miscell grain, seed, fruit, etc	9,130	11,627
04	Dairy prod; birds' eggs; natural honey; edible prod nes	11,660	9,916
87	Vehicles o/t railw/tramw roll-stock, pts & accessories	14,078	8,204
98	Special Classification Provisions	5,868	7,918
21	Miscellaneous edible preparations	3,621	5,838
73	Articles of iron or steel	1,676	5,446
23	Residues & waste from food industry; preprani fodder	<u>13,515</u>	<u>5,112</u>
	Sub-total	1,030,566	1,149,142
	of	-----	-----
	Total	<u>1,165,730</u>	<u>1,334,485</u>

MAJOR CANADIAN IMPORTS FROM ASEAN

('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
85	Electrical mchy equip parts thereof; sound recorder etc.	330,189	367,938
84	Boilers, mchy & mech applicance; parts	243,240	260,807
62	Art of apparel & clothing access, not knitted/crocheted	85,332	116,175
40	Rubber & articles thereof	123,708	112,169
16	Prep of meat, fish or crustaceans, molluscs	91,621	108,161
61	Art of apparel & clothing access, knitted/crocheted	73,947	82,567
87	Vehicles o/t railw/tramw roll-stock, parts & accessories	78,805	79,081
44	Wood & articles of wood; wood charcoal	71,212	59,742
20	Prep of vegetable, fruit, nuts or other parts of plants	31,679	31,684
55	Man-made staple fibres	28,569	27,963
94	Furniture; bedding, mattress, mattress support, cushion etc.	17,117	26,368
15	Animal/veg fats & oils & their cleavage products; etc.	34,293	23,195
64	Footwear, gaiters & the like, parts of such articles	14,701	21,844
03	Fish & crustacean, mollusc & other aquatic invertebrate	17,188	20,851
09	Coffee, tea, maté & spices	21,024	18,822
95	Toys, games & sports requisites; parts & access thereof	25,210	17,888
71	Natural/cultured pearls, precious stones & metals coin, etc.	10,490	16,862
42	Articles of leather; saddlery/harness; travel goods etc.	12,057	15,641
29	Organic chemicals	15,129	15,123
91	Clocks and watches and parts thereof	10,206	15,111
67	Prep feathers & down; arti flower; articles human hair	13,674	14,599
80	Tin and articles thereof	6,939	14,212
10	Cereals	10,327	10,227
08	Edible fruit & nuts; peel of citrus fruit or melons	9,440	9,515
18	Cocoa and cocoa preparations	7,387	9,204
73	Articles of iron or steel	6,466	8,882
54	Man-made filaments	8,820	8,607
05	Products of animal origin, nes or included	3,354	7,098
39	Plastics and articles thereof	4,299	6,992
69	Ceramic products	3,583	6,355
63	Other made up textile articles; sets; worn clothing etc	<u>2,837</u>	<u>5,975</u>
	Sub-total	1,412,843	1,539,658
	of	-----	-----
	Total	1,471,248	1,639,410

BRUNEI DARUSSALAM

Canada's relations with Brunei Darussalam are limited but expanding steadily in sectors of mutual interest. Diplomatic relations between Canada and Brunei were established in early 1984 after Brunei assumed full responsibility for its foreign and defence affairs. The relationship has since been pursued mainly through Commonwealth and Canada-ASEAN ties. Since Brunei has assumed the role of Canada's dialogue coordinator with ASEAN in 1988, the bilateral relationship has matured considerably and discussions between the two countries now cover a range of international and multilateral issues of mutual interest.

Recent Economic Developments

In 1988, it was estimated that the Brunei economy grew by approximately 2.0%. The energy sector is by far the most dominant sector of the economy of Brunei. It accounts for approximately three quarters of the GDP, 55% of all government revenues and nearly all the country's export revenues. While Brunei is highly dependant on the energy sector, the fluctuation in the price of oil has had little effect on domestic economic conditions, principally because of the country's small population, relatively modest budgets and large foreign reserves.

The construction sector is the second largest generator of economic activity after the oil sector. It is also the second largest employer after the government, which employs 45% of the country's labour force. The performance of the construction sector has improved markedly since 1986, mainly as a result of large public development expenditures. With respect to other sectors, it should be noted that manufacturing is limited and agriculture is poorly developed (Brunei currently imports 90% of its food requirements).

Brunei's two-way trade with the rest of the world is approximately \$3 billion a year. Japan is Brunei's largest trading partner, accounting for over 50% of its exports and 6% of its imports (in 1988). The United Kingdom and Singapore follow in importance with Singapore as Brunei's major source of imports (36% of the total in 1988). Trade with Canada is limited and amounts to approximately CDN \$2 million annually.

GDP growth for 1990 and beyond will largely depend on the price of oil. While its fluctuations are of no urgent consequence to Brunei's economic situation, they do emphasize the need for diversification away from the oil sector into capital and technology intensive activities. Recent government efforts through the National Development Plan have been directed at this type of diversification. Government priorities are the rapid development of local industries and the revitalization of the non-oil sector, particularly in the areas of forestry, fishery and manufacturing. The sixth Five-Year-Plan currently being drafted will provide a framework for economic development in Brunei during the period 1991-1995.

The Business Environment

The government of Brunei has set long term objectives to develop Brunei into a financial centre, as well as a centre for trade and maintenance services. To this end, no

exchange controls exist in Brunei.

Investment opportunities for foreigners are limited outside of the energy and construction industries. Joint ventures are encouraged by the government as the preferred method of investment. It is also recognized that local interests should represent at least 51% of the ownership. Potential investors considering setting up a business in Brunei should bear in mind that non-Bruneians are prohibited from owning land. There is also strong competition for the limited supply of both skilled and unskilled labour - especially in construction, transportation and utilities.

A domestic customs tariff is used and duties may be specific or *ad valorem*. Generally, goods for individual use are exempt from customs duty.

Most items may be imported under an open general licence. However, some goods such as used vehicles, converted timber and certain types of drugs require a special import licence.

Canada-Brunei Commercial Relations

Canada's commercial success has been modest to date in Brunei. This has been in part due to the strong and longstanding British presence in Brunei, as well as to the small size of the market (227,000 population). Given its small base, the level of trade between Canada and Brunei has fluctuated widely over the last five years. In 1984 and 1985, Canada's exports to Brunei (approximately \$1.2 million) represented the total sum of bilateral trade. In 1989, Canadian exports to Brunei reached a high of \$2.3 million while the level of imports remained symbolic. There is no Canadian business presence to speak of in Brunei.

Canada's export marketing efforts in Brunei have been mainly responsive to the interest expressed by a limited number of Canadian businesses. However, there are a number of opportunities for Canadians who are willing to take a long term approach to doing business in Brunei. Canadian trade strategy has targeted Brunei as a market opportunity for oil and gas equipment and services, education and training, power generation equipment and services, and defence and aerospace products and services.

A number of market surveys have been commissioned on specific sectors in Brunei to provide Canadian firms with information on available opportunities. These studies can be obtained from External Affairs and International Trade Canada, and a full list of available material is shown in the appendix.

FACT SHEET - BRUNEI

August 1990

Area: 5,765 sq km

Population: 227,000 (1989)

Capital: Bandar Seri Begawan

System of Government: (Monarchy) Sultanate

Head of State: Sultan Hassanal Bolkiah Mu'izzaddin Waddaulah

Prime Minister: Sultan Hassanal Bolkiah Mu'izzaddin Waddaulah

Minister of Finance (responsible for Trade): Prince Jefri Bolkiah

Language: Malay, English, Chinese

Ethnic Background: Malays 65%, Chinese 20%, Indigenous tribes 8%, Indian & others 6%

GDP: (1989) US \$3.5 B **Per Capita Income:** US \$14,262 (1989) **Currency:** Brunei \$ on par with Spore \$ = Cdn \$0.63

Inflation Rate: 1.3% (1989)

Debt Service Ratio: Nil

Unemployment Rate: 3.7% (1989)

Major Trading Partners (1988):

Exports (Total: US \$2 billion)

1. Japan (\$1.04 b)
2. S. Korea (\$0.3 b)
3. U.K. (\$0.24 b)
4. Thailand (\$0.16 b)
5. Singapore (\$0.1 b)

Imports (Total: US \$1.3 billion)

1. Singapore (\$0.47 b)
2. U.K. (\$0.34 b)
3. Switzerland (\$0.09 b)
4. USA (\$0.09 b)
5. Japan (\$0.08 b)

Canadian Trade Statistics: (Cdn \$ 000s)

	<u>1987</u>	<u>1988</u>	<u>1989</u>
Exports	37	232	2,239
Imports	192	37	56
Balance	-155	195	2,283

Main Sectors of Opportunity for Canadian Business:

1. Oil & Gas Equipment and Services
2. Advanced Technology Products and Services
3. Defence Programs, Products and Services

EDC Status: On cover

CIDA Status: Not program country

Resident Canadian Bank: None

Canadian Reps in Brunei: (resident in Singapore)

High Commissioner - Bernie Gagosz; Commercial Counsellor - Denis Comeau; Tel: (011-65) 225-6363; Telex: (Destination Code 87) RS21277; Fax: (011-65) 225-2450

Department of External Affairs/PST Trade Contact: Louise Branch, Tel: (613) 996-5824;

Telex: 053-3745; Fax: (613) 996-4309

Brunei Reps in Canada: At the present time, contact should be made via Brunei Permanent Mission in New York, Tel: (212) 838-1600

MAJOR CANADIAN EXPORTS TO BRUNEI
(OOOs)

<u>Code</u>		<u>1988</u>	<u>1989</u>
85	Electrical mchy equip parts thereof; sound recorder etc.	36	1,132
49	Printed books, newspapers, pictures & other product etc.		893
21	Miscellaneous edible preparations		156
90	Optical, photo, cine, meas, checking, precision, etc.	3	85
98	Special Classification Provisions	168	22
84	Boilers, mchy & mech appliance; parts	15	13
88	Aircraft, spacecraft & parts thereof		11
	Sub-Total of	<hr/> 222	<hr/> 2,312
	Total	<hr/> 232	<hr/> 2,339

MAJOR CANADIAN IMPORTS TO BRUNEI
('000s)

<u>Code</u>	<u>1988</u>	<u>1989</u>
83 Miscellaneous articles of base metal	—	56
Sub-Total of	—	56
Total	37	56

INDONESIA

INDONESIA

Indonesia's economic growth has been rapid and consistently high, averaging 7.5% per annum since 1966. This growth has been achieved through a combination of factors, including a high rate of investment, a high rate of savings, and a high rate of population growth. The government has played a key role in this process, particularly through its investment in infrastructure and social services. The country's economic growth has been supported by a high rate of savings, which has allowed for a high rate of investment. The government has also played a key role in this process, particularly through its investment in infrastructure and social services.

Recent Economic Developments

A number of factors have contributed to the rapid economic growth of Indonesia in recent years. These include a high rate of investment, a high rate of savings, and a high rate of population growth. The government has played a key role in this process, particularly through its investment in infrastructure and social services. The country's economic growth has been supported by a high rate of savings, which has allowed for a high rate of investment. The government has also played a key role in this process, particularly through its investment in infrastructure and social services.

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INDONESIA

Future development of Indonesia's economy will depend on a number of factors, including the rate of investment, the rate of savings, and the rate of population growth. The government has played a key role in this process, particularly through its investment in infrastructure and social services. The country's economic growth has been supported by a high rate of savings, which has allowed for a high rate of investment. The government has also played a key role in this process, particularly through its investment in infrastructure and social services.

INDONESIA

Canada's relationship with Indonesia was traditionally characterized by development assistance programmes and a modest level of trade. While neither country is a dominant player in the other's market, trade represents the strong basis of the bilateral relationship. International economic and trade fora such as Asia-Pacific Economic Cooperation (APEC), the Multilateral Trade Negotiations, as well as the Association of South East Asian Nations (ASEAN) itself, also provide areas for effective cooperation.

Recent Economic Developments

A number of factors have contributed to the solid economic growth which Indonesia has been experiencing in recent years. These include a stable political environment, the diversification of its economy away from a dependence on oil exports, and moves by the Indonesian government towards reducing its role in major industries in order to develop a more vibrant economy. A stronger private sector is the result. Economic indicators are positive. Since 1983, Indonesia's real GDP growth has averaged 5.5% per annum, and the 1989 growth rate has been estimated at 7.3%. Consumption rates have also risen significantly, from 2.8% in 1987 to 6.3% in 1989. In addition, last year witnessed a return to 1980/81 record values of exports at \$32.9 billion.

These indicators reflect reforms put into effect in the last several years which focus on deregulation, and the commitment to move toward the privatization of public corporations. Severe external shocks from the global recession and weakening oil prices during the mid-1980's threatened Indonesia's economy, but government policies have contributed toward a return to earlier economic performance. These policies have included tax reform, the liberalization of banking laws, an overhaul of customs and export procedures, and incentives to attract increased foreign investment and non-oil/gas exports. Combined with budget austerity, these factors have bolstered the Indonesian economy against the effects of oil price fluctuations.

Future developments in Indonesia's economy will depend in a large part on the success of the current Five Year Development plan (Repelita V), covering the fiscal year 1989/90 through to 1993/94. It aims at a sustained level of economic growth on the basis of a more equitable distribution of income and greater national stability. In Repelita V, the economic structure is expected to become better balanced. More than half of the total national budget has been allocated to the communications, education and agriculture sectors. The National Budget is expected to reach \$160 billion, with \$118.3 billion (74%) coming from domestic revenues, and the remaining portion sourced from multilateral and bilateral assistance. Repelita V comes at a time when Indonesia will have to absorb 11.9 million new job-seekers into its labour force over a five-year period, making the creation of widespread employment opportunities, the development of human resources, and the provision of basic needs and social services important priorities.

Indonesia's Global Trade

Indonesia's two-way trade with the rest of the world reached \$45 billion in 1989, an 11% increase over 1988. Imports and exports have grown at an equal pace, with the 1989 trade surplus amounting to approximately \$8.6 billion, a 9% increase over 1988. Throughout the 1980's, Indonesia had experienced a trade surplus, though it fluctuated from a high of \$14.3 billion in 1981, to a low of \$5.9 billion in 1983.

In 1988, almost two thirds of Indonesia's exports were directed to Japan, the USA and Singapore. These same three countries supplied more than 45% of Indonesia's imports.

Indonesia's exports are largely composed of primary commodities, with oil and gas constituting about 40% of the total, wood and wood products, 11%, and rubber, 6%. Total exports amounted to \$26.7 billion in 1989. As of that year, the oil and gas portion of total exports had decreased significantly since 1985 when it represented almost 70%. This made Indonesia less vulnerable to fluctuating world oil prices. Imports reached \$18.1 billion in 1989. 75% of that total was made up of intermediate goods, including industrial raw materials and fuels, and a further 19% was accounted for by capital goods such as machinery.

Foreign investment in Indonesia comes mainly from Japan, Hong Kong and Taiwan, and has grown significantly in recent years, with commitments of more than \$5.6 billion announced in 1989. Actual 1989 foreign investment inflows amounted to about \$1 billion, a substantial increase from the mid 1980's when inflows amounted to about \$0.4 billion.

The Business Environment

The Indonesian Government has undertaken numerous reforms in order to encourage foreign direct investment. These include the reduction of import quotas; the elimination of non-tariff barriers in favour of a flat tariff (Indonesia has eliminated non-tariff barriers on all but 15% of import categories); the abolition of import and export licensing; the dismantling of import monopolies; the removal of duties on products used in manufacturing goods for export; and an allowance for foreign investors to invest in most sectors of the economy.

Indonesia welcomes foreign investment to support continued growth and development of the economy. Of particular importance are investments in sectors where either capital, technology, or management skills are not yet locally available. As well, emphasis is placed on the expansion of commercial activities and production for export markets.

All foreign investment must be in the form of a joint venture with an Indonesian partner. In most cases the partner must own at least 20% of the equity in the venture. The Indonesian Investment Coordinating Board (BKPM) oversees foreign capital investment in Indonesia. New entrants into this market should be aware that a list of sectors which are closed for new investment has been formulated by BKPM.

One incentive to encourage foreign investment has been the development of Free Trade Zones. Enterprises which set up in these zones may enjoy reduced tariffs and exemptions from import and export tax, provided that their product is primarily for the export market. There is also a relaxation of minimum ownership requirement so that in most cases the foreign partner may own up to 95% of the venture.

Canada-Indonesia Commercial Relations

Trade between Canada and Indonesia is carried out under the GATT. In terms of exports to Canada, Indonesia is a beneficiary of Canada's General Preferential Tariff. As well, two arrangements are in place between Indonesia and Canada which facilitate business relations. These are an exchange of notes to promote and protect Canadian investment in Indonesia, and an agreement to avoid double taxation.

Since 1976, the value of Canadian direct investment into Indonesia has reached a total of \$1 billion with most of this sum accounted for by Inco and Bata Footwear. Aside from these significant investments, there are few additional joint ventures. However, there are more than 40 Canadian companies with offices in Jakarta, and many Canadian personnel operate in the oil and gas sector in Indonesia in general.

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

Canada's principal exports to Indonesia are pulp and paper, cereals, plastics, and sulphur, representing almost 70% of the total. Indonesia's principal shipments to Canada are rubber, wood and textiles, which together represent 66% of the total. Canadian exports account for slightly less than 2% of Indonesian total imports, whereas Indonesian exports to Canada represent less than two tenths of a percent of our import market.

Indonesia remains among the largest recipients of development funds from the multilateral development banks. Thus Canadian trade priorities in this market continue to include vigorous pursuit of consulting contracts and equipment procurement funded by these institutions. It should be noted that Canada's export of services to Indonesia, including engineering and specialized training, which are funded primarily by multilateral development banks such as the Asian Development Bank and the World Bank, as well as CIDA, are estimated at \$50 million per year.

With respect to our aid programme, Canada recognizes that despite Indonesia's economic improvements, sizeable flows of concessional financing and related technical assistance remain vital for the country. Over 90% of Canada's development assistance to Indonesia is channelled through CIDA's Bilateral, or Government-to-Government Programme. The country programme for Indonesia is now the third largest CIDA programme in the world, with total disbursements reaching \$54.4 million in 1989/90. Despite the significant annual level of CIDA commitments to Indonesia, it is interesting to note that Canadian aid disbursements cover only 5% of Indonesia's merchandise imports from Canada. In other words, the bulk of Canadian exports to Indonesia reflect contracts

negotiated with Indonesian clients outside the bilateral aid programme.

CIDA's Industrial Cooperation Programme (CIDA/INC), a programme which supports private sector initiatives in developing countries, has contributed approximately \$4.02 million to projects in Indonesia since 1984/85, a large portion of which supported Canadian companies investigating investment possibilities in Indonesia. Disbursements related to Indonesia for 1989/90 are expected to be slightly over \$1.3 million. Deregulation and privatization in Indonesia since 1985 have led to a receptive local environment for CIDA/INC clients. Current activities include support for a Canadian Investment Advisor in Indonesia's Investment Coordinating Board (BKPM).

The Export Development Corporation (EDC), Canada's official export credit agency, provides export credit insurance, loans, guarantees, and other financial services to promote Canadian export trade. Since 1979, EDC has financed a total of \$440 million on 16 projects in Indonesia with almost a quarter of that going toward the Bukit Asam coal rail transportation project carried out in conjunction with CIDA.

Canada's trade strategy has targeted Indonesia as a market opportunity for advanced technology (including telecommunications), education and training services, chemical products and petroleum equipment, mining equipment and services, industrial machinery, and power and energy equipment and services.

A number of trade promotion programs and activities provide ongoing support to Canadian exporters and investors pursuing opportunities in Indonesia. In particular, the Program for Export Market Development (PEMD) is designed to stimulate economic growth in Canada through assistance in obtaining increased export sales of Canadian goods and services. From April 1980 to March of 1990, PEMD approved 433 applications for assistance in Indonesia, with total funding of \$3.7 million. Since 1971, PEMD programmes have resulted in reported sales of over \$98 million to Indonesia.

The creation of the Canada-Indonesia Business Council, with offices in both countries, has been another vehicle for export marketing efforts in Indonesia. This organization of companies and individuals from both countries facilitates linkages between the two private sector communities with a view to increasing each other's activities in their respective markets.

The Canadian Embassy in Indonesia has developed a series of sectoral market studies in order to better prepare Canadian business for dealings in Indonesia. These studies can be obtained from External Affairs and International Trade Canada, and a full list of available material is shown in the appendix.

FACT SHEET - INDONESIA

August 1990

Area: 1.9 million km²**Population:** 180 million (1989) - 5th most populous country**Capital:** Jakarta**System of Government:** Unitary Republic**Head of State:** (President) Soeharto**Minister of Trade:** Dr. Arifin Siregar**Language:** Bahasa Indonesia **Ethnic Background:** Indo-Malay 90%; Melanesian 5%; Other 5%**Religion:** Moslem 80%; Christian, Hindu & Others 20%**GDP:**(1990f)US \$94.78 B **Per Capita Income:** US \$506 (1990) **Currency:**New Rupiah Cdn \$=1,450 Rp
Inflation Rate: 6.3% (1990f) **Debt Service Ratio:** 36.7% **Unemployment Rate:** 18% (unofficial 1989)**Major Trading Partners (1988):**Exports Total: US \$22.3 billion (est.)

1. Japan
2. USA
3. Singapore
4. Korea
5. Hong Kong

Imports US \$15.3 billion (est.)

1. Japan
2. USA
3. W. Germany
4. United Kingdom
5. Singapore

Canadian Trade Statistics: (Cdn \$ millions)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Exports	240.9	305.1	298.7	311.3
Imports	142.5	193.1	179.5	192.1
Balance	98.4	112.0	119.0	119.2

Major Canadian Exports 1989 (Cdn \$'000)

Wheat	65,254
Pulp of Wood	55,234
Plastics	50,332
Sulphur	37,841
Railway Locomotives	16,057
Fertilizers	15,108

Major Canadian Imports 1989 (Cdn \$'000)

Rubber	49,808
Wood	39,902
Apparel, not knitted or crocheted	23,230
Apparel, knitted or crocheted	13,337
Coffee, tea & spices	10,993
Man-made staple fibres	7,232

Main Sectors of Opportunity for Canadian Business:

1. Education and training services
2. Chemical products & petroleum equipment
3. Mining equipment & services
4. Advanced technology

EDC Status: On cover**CIDA Status:** CORE country (Category I)**Resident Canadian Bank:** Hong Kong Bank of Canada**Canadian Reps in Indonesia:** Ambassador - Ms. Ingrid Hall; Commercial Counsellor - Doug Campbell;
Tel: (011-62-21) 510709; Fax: (011-62-21) 578-2251; Telex: 62131 DOMCAN**Department of External Affairs/PST Trade Contact:** Patricia Filteau, Tel: (613) 995-7659; Telex: 053-3745; Fax: (613) 996-4309**Indonesian Reps in Canada:** (Ottawa) Ambassador - To be announced; Economic Counsellor - Hadi Adnan; Commercial Reps: Ottawa, Toronto, and Vancouver; Customs Reps in Canada: SGS Supervision Services, Mississauga, Ont., Tel: (416) 670-0290; Fax: (416) 670-0142**Canadian-Indonesian Business Council:** World Trade Centre, 60 Harbour St., Toronto, Ont., M5J 1B7;
Tel: (416) 863-2026; Fax: (416) 863-4830; Chairman - Mr. Lyle Osland, Cowater International Inc,
Tel: (613) 722-6434, Fax: (613) 722-5893

MAJOR CANADIAN EXPORTS TO INDONESIA
('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
10	Cereals (Wheat 65,124)	55,779	65,254
47	Pulp of wood/of other fibrous cellulosic material (Chemical wood pulp 52,574)	49,744	55,234
39	Plastics & articles thereof (Polyethylene 25,762) (Polypropylene 23,750)	46,743	50,332
25	Salt; sulphur; plastering material; lime & cement (Sulphur, crude or refined 32,394)	31,522	37,841
86	Railway/tramway locomotives, rolling-stock & parts; etc. (Railway cars, open 16,040)	--	16,057
31	Fertilizers	30,729	15,108
79	Zinc & articles thereof	11,827	14,412
48	Paper & paperboard	16,841	13,452
84	Nuclear reactors, boilers, machinery & mechanical appliance; parts	6,543	9,673
29	Organic chemicals (Ethylene glycol (ethanediol) 7,480)	6,203	8,860
23	Residues & waste from food industry; animal fodder	9,694	4,064
85	Electrical mchy equip parts thereof; sound recorder etc.	6,134	3,730
40	Rubber & articles thereof	1,883	2,633
38	Miscellaneous chemical products	80	2,408
55	Man-made staple fibres	1,987	1,568
28	Inorgn chem; compds of precious metals, radioactive elements etc.	116	1,355
90	Optical, photo, cine, measuring, checking, precision, etc.	1,595	1,103
76	Aluminium & articles thereof	1,249	1,008
82	Tool, implement, cutlery, spoon & fork, of base met etc.	369	1,002
	Sub-Total	279,038	305,094
	of		
	Total	<u>317,173</u>	<u>310,775</u>

MAJOR CANADIAN IMPORTS FROM INDONESIA
(OOOs)

<u>Code</u>	<u>1988</u>	<u>1989</u>
40 Rubber & articles thereof (Technically specified natural rubber 28,677)	59,720	49,808
44 Wood & articles of wood; wood charcoal (Plywood 30,486) (Wood (lumber) continuously shaped non-coniferous (hardwood) 5,729)	49,728	39,902
62 Articles of apparel & clothing access, not knitted/crocheted	13,514	23,230
61 Articles of apparel & clothing access, knitted or crocheted	13,519	13,337
09 Coffee, tea, & spices	12,234	10,993
55 Man-made staple fibres	6,267	7,232
80 Tin and articles thereof	2,431	5,995
03 Fish & crustacean, mollusc & other aquatic invertebrate	526	5,940
54 Man-made filaments	3,025	4,929
64 Footwear	1,075	4,535
15 Animal/veg fats & oils	28	3,503
70 Glass and glassware	3,278	2,995
02 Meat & edible meat offal.	1,046	2,195
94 Furniture; bedding, mattress	290	2,134
18 Cocoa & cocoa preparations	693	1,314
16 Preparations of meat, fish or crustaceans, molluscs	1,430	1,302
42 Articles of leather; saddlery/harness; travel goods etc.	977	1,210
85 Electrical mchy equip parts thereof; sound recorder etc.	662	1,162
58 Special woven fabric; tufted tex fab; lace; tapestries etc.	<u>547</u>	<u>1,116</u>
Sub-Total of	170,990	182,832
Total	<u>179,015</u>	<u>192,098</u>

MALAYSIA

Canada's relationship with Malaysia is long and varied. It encompasses a wide range of bilateral, regional and multilateral activities. Canada's strong interest in and support for Malaysia's economic development, particularly in the areas of infrastructure, industry, and agriculture, is a key element of this relationship. The Canadian government has provided significant financial assistance through various channels, including the Canadian International Development Agency (CIDA) and the Multilateral Investment Guarantee Agency (MIGA).

International Economic Development

The Malaysian government has a long history of seeking international assistance for its economic development. It has received significant financial support from various international organizations, including the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB). This support has been crucial in financing infrastructure projects, such as roads, bridges, and ports, and in promoting industrial and agricultural development.

Subsidy-free domestic demand and foreign investment have contributed to a growth rate of 8% in 1988 and 10% in 1989. Malaysia's economy is highly diversified, with a strong emphasis on manufacturing and services. The country has attracted significant foreign investment, particularly from Japan, the United States, and the United Kingdom. This investment has been instrumental in the modernization of Malaysia's economy.

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MALAYSIA

The country's economic growth has been rapid and sustained. It has achieved a growth rate of 8% in 1988 and 10% in 1989. Malaysia's economy is highly diversified, with a strong emphasis on manufacturing and services. The country has attracted significant foreign investment, particularly from Japan, the United States, and the United Kingdom. This investment has been instrumental in the modernization of Malaysia's economy.

Over the past few years, Malaysia has made significant progress in various areas, including infrastructure development, industrial growth, and agricultural modernization. The government has implemented a series of reforms to improve the efficiency of the public sector and to attract foreign investment. These reforms have been instrumental in the country's economic success.

Malaysia's Growth Rate

Malaysia's growth rate has been consistently high over the past few years. It has achieved a growth rate of 8% in 1988 and 10% in 1989. This growth has been driven by a combination of factors, including strong domestic demand, foreign investment, and government support. The country's economy is highly diversified, with a strong emphasis on manufacturing and services. This diversification has helped to reduce the country's vulnerability to external shocks and has contributed to its economic success.

MALAYSIA

Canada's relationship with Malaysia is longstanding and encompasses a broad range of interests. Commonwealth links, Canada's strong interest in and support for ASEAN, development assistance, as well as growing trade and investment activities are the principal features of the relationship between Canada and Malaysia. The two countries have ongoing discussions through international economic and trade fora such as Asia-Pacific Economic Cooperation (APEC) and the Multilateral Trade Negotiations, as well as under the umbrella of ASEAN.

Recent Economic Developments

The Malaysian economy has traditionally been based on the extraction and export of primary resources such as rubber, tin and oil. However, consumer goods and export oriented industries have gradually assumed a greater responsibility for the economic development of the country. In this context, foreign investment has been an important factor in the industrialization of Malaysia.

Strong domestic demand and foreign investment (up 33% in 1989) have contributed to a strong GDP in 1988 and 1989, reaching annual growth rates of 8.7% and approximately 8% in those two years. Rising private consumption, strong external demand and investments from abroad (principally Japan, the U.S., Singapore and Taiwan) are expected to contribute to a GDP growth rate in 1990 in the neighbourhood of 7 - 8%.

The country's external debt which stood at 14.8% in 1987, is being effectively reduced through appropriate fiscal and financial policies. The debt service ratio has been reduced to less than 12% in 1989, with this trend expected to continue in 1990. Over the years 1986-1990, the Malaysians set a goal to reduce public expenditures by 40%. In this context, they have proposed an ambitious program of privatization. This program also looks to the private sector as a significant means to stimulate future growth.

Over the next decade Malaysia will continue its efforts to diversify its economic base away from primary resources and to encourage investment in value-added and technology-intensive activities. The government is also promoting the economic development of the Malay population through the implementation of a New Economic Policy (NEP). Measures to promote Malay participation in the economy include an overall target for ownership of all businesses by Bumiputras (native Malays).

Malaysia's Global Trade

Malaysia's two-way trade with the rest of the world reached approximately \$53 billion in 1989, a 27% increase over 1988 and approximately 50% above the 1987 figure. While impressive, the increase in exports since 1987 (33%) has not kept pace with the phenomenal growth in imports which almost doubled in the same period. This is principally due to the continued deficit recorded in the services sector. This trend has had the effect of narrowing Malaysia's trade surplus to approximately \$3.8 billion in 1989, down from \$5.4 billion a year earlier.

Japan is Malaysia's most important trading partner with approximately 20% of the overall trade. The United States and Singapore rank a close second and third, with respectively 17% and 16.5% of Malaysia's global trade.

Investment in Malaysia has been healthy, representing \$5.1 billion in 1989. Of this total, \$3.7 billion (72.5%) originated from foreign sources. Japan with \$1.5 billion and Taiwan with \$0.84 billion were the two most important foreign investors in Malaysia in 1989, accounting for close to two thirds of all foreign investment in Malaysia during that year. The U.S. and Singapore were third and fourth with combined investment of \$625 million.

The Business Environment

Four structural factors have contributed to Malaysia's impressive economic growth and prosperity. The first is Malaysia's solid infrastructure and stable government. The second is a strong pool of labour which combines low wages with a well-educated population with basic English skills. Thirdly, the population is evenly distributed in several growth centres which are relatively free of the burdens of urban migration known to many other Asian centres. Finally, the Malaysian government has implemented successful policies designed to diversify development away from commodities to the manufacturing sector.

Joint ventures with local partners are encouraged by the government. Under the New Economic Policy foreign partners are welcomed if they provide necessary technology. However, they are expected to assist in the transfer of the expertise associated with the technology to their Malaysian counterparts. Restrictions to foreign ownership apply according to the export mandate of a particular venture. If the percentage of likely exports is high then the amount of permitted foreign ownership will be high as well.

Malaysia has concluded Investment Guarantees with a number of countries, including Canada, to illustrate its commitment to increased foreign investment. The agreement provides protection against nationalization or expropriation and allows for the free transfer of profits and other capital. Malaysia has also developed a range of tax incentives to attract both foreign and local investment. There is no distinction made between foreign and local investment capital. These incentives include various tax breaks and cover such aspects as pioneer status, accelerated depreciation, reinvestment allowances, and research and development expenses.

A domestic customs tariff is used and duties may be specific or *ad valorem*. Duties are often used to protect new and fledgling industries. However, if goods are being imported into Malaysia as raw materials for future exports, a full surtax and import duty exemption will apply. Free trade zones have also been created to encourage the establishment of export oriented manufacturing. In order to be eligible to manufacture in a free trade zone, a company must be planning to export at least 80% of all goods.

Finally, the Malaysian government has encouraged countertrade as a means of increasing the export of Malaysian goods. This is also designed to improve the balance of trade and foreign exchange. The two most common forms in use are compensation and counterpurchase.

Canada - Malaysia Commercial Relations

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.

Trade between Canada and Malaysia is carried out under the GATT. In terms of exports to Canada, Malaysia is a beneficiary of Canada's General Preferential Tariff and British Preferential Tariff. As well, two arrangements are in place between Malaysia and Canada which facilitate business relations. These are an exchange of notes to promote and protect Canadian investment in Malaysia, and an agreement to avoid double taxation.

Two-way trade between Canada and Malaysia reached a high of \$583 million in 1989 which represents a 4% increase over the previous year. The balance of trade has been in favour of Malaysia since 1986 but this surplus is presently narrowing. Canadian exports to Malaysia totalled \$218.6 million in 1989 (up 14% from 1988) while imports were valued at \$320.1 (essentially at the same level as in 1988 when they stood at \$323.9 million).

Despite our growing bilateral trade, Canada and Malaysia remain very modest players in each other's markets. Canadian exports account for approximately 0.9% of all Malaysian imports, while its share of total Malaysian exports is about 1.1%.

It should be noted that the export of Canadian services (such as engineering consultancy and others) far exceed the sum of our major exports. However, these services are not taken into consideration in trade flow figures which means that basic trade statistics are not indicative of the complete bilateral trade picture.

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

The Canadian presence in Malaysia, through joint ventures or other forms of investment, continues to increase. Currently, there are 24 signed agreements with 10 more expected to be finalized before the end of 1990. These ventures comprise both the manufacturing and service sectors. A further 225 Canadian companies have Malaysian representatives. Under CIDA funding, Canada currently has a Canadian investment advisor in the Malaysian Industrial Development Authority (MIDA) in Kuala Lumpur. This official is in a position to promote joint ventures between Canada and Malaysia.

Canada's trade strategy has targeted Malaysia as a market opportunity for advanced technologies (including informatics and telecommunications), oil and gas equipment and services, agriculture and food products and services, defence related products and services and, power and energy related equipment and services.

A number of trade promotion programs and activities provide ongoing support to Canadian exporters and investors pursuing opportunities in Malaysia. In particular, the Program for Export Market Development (PEMD) is designed to stimulate economic growth in Canada through assistance in obtaining increased export sales of Canadian goods and services. This program is widely used by Canadian businesses interested in the Malaysia market. During fiscal year 1988-89 alone, a total of 44 PEMD proposals were submitted. Since 1980, over \$2.5 million has been spent on 320 approved project. The sales generated as a result of PEMD grants have totalled in excess of \$582 million since the inception of the program in the early 1970's.

CIDA/INC is also playing an important role in the promotion of business development in Malaysia through increasing business ties between Canada and Malaysia. In the near future this program will be complemented by a new venture entitled Enterprise Malaysia-Canada (EMC) funded under Canada's bilateral aid programme to Malaysia. EMC is being set up to promote the transfer of Canadian technology and know-how to Malaysia through joint ventures and other cooperative endeavours between the private sectors in both countries.

The Malaysia-Canada Business Council was established in Kuala Lumpur in late 1989 to bring together individuals and companies interested in further developing trade and economic relations between the two countries. The Council organizes regular meetings and speaking events as well as other business promotion activities to facilitate the dissemination of information.

The Canadian High Commission in Malaysia has developed a series of sectoral market studies in order to better prepare Canadian business for dealings in Malaysia. These studies can be obtained from External Affairs and International Trade Canada, and a full list of available material is shown in the appendix.

FACT SHEET - MALAYSIA

August 1990

Area: 329,744 sq. km**Population:** 17.6 million (1990)**Capital:** Kuala Lumpur**System of Government:** Constitutional Monarchy**Head of State:** Yang di-Pertuan Agong, Sultan Iskandar**Prime Minister:** Dato Seri Dr. Mahathir Mohamad**Minister of Commerce:** Datin Paduka Rafidah Aziz**Language:** Bahasa Malaysia, English, Chinese, Tamil **Ethnic Background:** Malay 50%; Chinese 33%; East Indian 10%; Indigenous Tribes 7%**GDP:** US \$32.67 b (1990f)**Per Capita Income:** US \$1,856 **Currency:** Mlsian Ringgit = Cdn \$0.43**Inflation Rate:** 4.0% (1990f)**Debt Service Ratio:** 12.0% (1989) **Unemployment Rate:** 7.6% (1990f)**Major Trading Partners (1988):****Exports (Total: US \$20.8 billion)**

1. Singapore (\$4.0b)

2. USA (\$3.6b)

3. Japan (\$3.5b)

4. South Korea (\$1.0b)

5. United Kingdom (\$0.7b)

Imports (Total: US \$16.6 billion)

1. Japan (\$3.9b)

2. USA (\$2.9b)

3. Singapore (\$2.2b)

4. United Kingdom (\$0.8 b)

5. Taiwan (\$0.7 b)

Canadian Trade Statistics: (Cdn \$ millions)

	1986	1987	1988	1989
Exports	103.6	118.4	192.0	218.7
Imports	208.4	257.5	323.9	320.1
Balance	-104.8	-139.1	-131.9	-101.4

Major Canadian Exports 1989 (Cdn \$'000)

Fertilizers & fertil. material 36,933

Wheat 26,535

Newsprint and paper 23,696

Asbestos 18,256

Aircraft 17,211

Major Canadian Imports 1989 (Cdn \$'000)

Integrated circuits 45,669

Clothing 37,505

Rubber 29,278

Radios 28,106

Transformers 12,917

Main Sectors of Opportunity for Canadian Business:

1. Advanced Technology Products/Services

2. Oil & Gas Equipment and Services

3. Agriculture & Food Products & Services

4. Defence Programs, Products/Services

5. Power & Energy Equipment/Services

EDC Status: On cover**CIDA Status:** Category II**Resident Canadian Bank:** Bank of Nova Scotia**Canadian Reps in Malaysia:** High Commissioner - To be announced; Commercial Counsellor - Melvin MacDonald; Tel: (011-60-3) 261-2000; Telex: (Destination Code 84) 30269; Fax: (011-60-3) 261-3428**Department of External Affairs/PST Trade Contact:** Louise Branch; Tel: (613) 996-5824; Telex: 053-3745; Fax: (613) 996-4309**Malaysia Reps in Canada:** High Commissioner - To be announced; Tel: (613) 237-5182; Commercial Rep - Toronto - Mohamed Nor Said, Tel: (416) 869-3886

MAJOR CANADIAN EXPORTS TO MALAYSIA
('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
31	Fertilizers (Potassium chloride 36,933)	41,336	37,099
10	Cereals (Wheat nes and meslin 26,535)	12,158	26,547
25	Salt; sulphur; earth & ston; plastering mat; lime & cem (Asbestos 18,256)	9,657	19,368
88	Aircraft, spacecraft & parts thereof	448	17,698
48	Paper & paperboard (Paper 7,063) (Newsprint, in rolls or sheets 6,956)	27,052	14,589
84	Boilers, mchy & mech appliance; parts	7,113	14,440
72	Iron & steel (Flat rolled prod 9,268)	16	9,432
85	Electrical mchy equip parts thereof; sound recorder etc.	8,763	9,209
47	Pulp of wood/of other fibrous cellulosic mat; waste etc.	6,106	7,649
39	Plastics & articles thereof	6,447	7,407
99	Special transaction - trade	37	7,082
26	Ores, slag and ash	4,674	6,906
29	Organic chemicals	4,133	5,796
76	Aluminium & articles thereof	13,870	5,639
79	Zinc & articles thereof	4,715	3,872
12	Miscell. grain, seed, fruit etc.	2,182	3,208
74	Copper & articles thereof	3	2,860
21	Miscellaneous edible preparations	165	2,617
30	Pharmaceutical products	561	2,525
87	Vehicles o/t railw/tramw roll-stock, pts & accessories	4,373	2,381
59	Impregnated, coated, cover/laminated textile fabric etc.	5,447	2,344
71	Natural/cultured pearls, prec stones & metals, coin etc.	106	1,745
	Sub-Total of	159,362	210,413
	Total	179,205	218,652

MAJOR CANADIAN IMPORTS FROM MALAYSIA
('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
85	Electrical mchy equip parts thereof; sound recorder etc. (Monolithic integrated circuits 45,699) (Radios 28,106)	133,263	135,597
40	Rubber & articles thereof	62,191	52,687
62	Articles of apparel & clothing access, not knitted/crocheted	15,562	20,446
61	Articles of apparel & clothing access, knitted or crocheted	13,496	17,101
16	Prep of meat, fish or crustaceans, molluscs (Tunas, skipjack & Atl bonito 12,198)	13,726	15,553
15	Animal/veg fats & oils & their cleavage products; etc. (Palm kernel or babassu oil, crude 5,490) (Coconut (copra) oil 5,117)	24,672	14,716
80	Tin & articles thereof	4,508	8,217
55	Man-made staple fibres	9,719	7,924
18	Cocoa & cocoa preparations (Cocoa butter, fat & oil 5,296)	6,694	7,890
44	Wood & articles of wood; wood charcoal	8,138	6,635
95	Toys, games & sports requisites; parts & access thereof	7,400	6,134
84	Boilers, mchy & mech. appliance; parts	2,812	3,964
94	Furniture; bedding, mattress, etc.	1,429	3,168
83	Miscellaneous articles of base metal	2,363	2,762
54	Man-made filaments	3,012	2,320
69	Ceramic products	1,102	2,054
39	Plastics & articles thereof	1,288	2,009
64	Footwear	2,608	1,850
52	Cotton	2,126	1,388
90	Optical, photo, etc.	835	1,114
09	Coffee, tea, maté & spices	<u>308</u>	<u>1,032</u>
	Sub-Total	317,252	314,561
	of	<hr/>	<hr/>
	Total	323,533	320,142

THE PHILIPPINES

...the Philippines... 1981... 1982... 1983... 1984... 1985... 1986... 1987... 1988... 1989... 1990... 1991... 1992... 1993... 1994... 1995... 1996... 1997... 1998... 1999... 2000... 2001... 2002... 2003... 2004... 2005... 2006... 2007... 2008... 2009... 2010... 2011... 2012... 2013... 2014... 2015... 2016... 2017... 2018... 2019... 2020... 2021... 2022... 2023... 2024... 2025... 2026... 2027... 2028... 2029... 2030...

THE PHILIPPINES

The Philippines... 1981... 1982... 1983... 1984... 1985... 1986... 1987... 1988... 1989... 1990... 1991... 1992... 1993... 1994... 1995... 1996... 1997... 1998... 1999... 2000... 2001... 2002... 2003... 2004... 2005... 2006... 2007... 2008... 2009... 2010... 2011... 2012... 2013... 2014... 2015... 2016... 2017... 2018... 2019... 2020... 2021... 2022... 2023... 2024... 2025... 2026... 2027... 2028... 2029... 2030...

THE PHILIPPINES

Canada's relations with the Philippines have matured significantly since President Corazon C. Aquino assumed office in 1986. Canada has strongly supported the Government of President Aquino in its program of democratization, economic reforms and progressive social policies. Bilateral trade has increased steadily over the last four years and a new Canadian development assistance program for the Philippines was launched in late 1986. In addition, the Philippines has become the third largest source of new Canadians who will likely play an important role in efforts to strengthen bilateral relations between the two countries. Also, international economic and trade fora such as Asia-Pacific Economic Cooperation (APEC), the Multilateral Trade Negotiations, as well as the Association of South East Asian Nations (ASEAN) itself, also provide areas for effective cooperation.

Recent Economic Development in the Philippines

The implementation of a wide range of structural reforms has enabled the Philippine economy to stage a strong recovery from the economic and financial crisis it experienced in the period 1984 to 1986. GDP growth started to recover in 1986 posting an increase of 1.8% and reached 5.9% in 1987 and 6.7% in 1988. This recovery was sustained in 1989, albeit at a slower pace (5.7%). Output growth was broadly based. Agriculture, forestry and fishing are the largest contributors to GDP in the Philippines and account for approximately 50% of total employment in the country. The industrial sector continued to expand rapidly, averaging 8% growth since 1987. The manufacturing sector accounts for about one quarter of the GDP.

The recent economic recovery has reflected growth in both domestic demand and investment. In turn, however, the adoption of expansionary fiscal and monetary policies designed to accommodate investment requirements, plus several rounds of wage increases, have contributed to the inflationary spiral. The annual rate of inflation, which had been held to below 9% until mid-1989, currently stands at approximately 13%.

Recent economic growth also stems from the major economic policy reforms implemented by the Aquino government since its coming to power in 1986. They include the dismantling of "crony" monopolies in the agricultural sector, privatization, more liberal trade policies, financial sector reform and encouragement to exporters. These reforms were set in motion as the Philippines have negotiated debt rescheduling agreements with both official and private creditors. The Philippines debt stood at \$32.7 billion in 1989.

Merchandise trade has almost doubled since 1985. However, imports have outstripped growth in exports. Export growth is partly attributed to the recovery experienced in the non-traditional manufacturing sector (e.g. electronics products ranked as the number one export in 1988) as well as to the increase in the volume of mineral and fish exports. Textile and clothing products represent the second most important export of the country. Over 50% of the Philippines' imports consist of raw materials (e.g. oil) and intermediate goods.

Uncertainty about long term political stability in the Philippines, a forecast increase in the government's budget deficit, high interest rates (around 25%), rising inflation, and the increasing trade deficit point to reduced growth prospects for 1990. Events such as the July, 1990 earthquake also take their toll. In spite of these factors, however, GDP growth is still expected to reach a relatively healthy 4%.

Philippines' Global Trade

In 1989, two-way trade between the Philippines and the rest of the world exceeded \$21 billion, a 20% increase over the 1988 level and almost twice the level reached in 1986. The country's overall trade deficit has gradually increased to a high of close to \$3 billion in 1989, more than twice the figure recorded in 1988.

The United States is the Philippines most important trading partner, serving as a destination for over 35% of its exports and the origin of over 20% of its imports. Japan is second in importance. Together, both countries account for approximately 46% of the total trade carried out by the Philippines.

Growing investor interest in the Philippines is obvious from the rapid increase in the investment/GDP ratio which is currently 19%, compared to approximately 13% in 1986. Foreign investment intentions, which doubled in 1988 to US\$1 billion, exceeded US\$2 billion in 1989. Investment is directed mainly to the construction sector and toward the expansion in industrial capacity to meet export growth.

The Business Environment

The Philippine Government's policy of import liberalization is in part responsible for the renewed Canadian business interest in the Philippines. While tariffs remain high and some products are still subject to import controls, there are no restrictive labelling, packaging or standards requirements and relatively few non-tariff barriers. English is the language of business in the Philippines.

In principle, anyone, regardless of nationality, may invest in either new ventures or existing activities. In practice, however, the Government prefers joint ventures to outright foreign ownership. Ownership is generally restricted to between 30% and 40% in certain key sectors such as public utilities, finance and banking. On the other hand, investment is encouraged in those areas which will improve economic efficiency and develop export-oriented industries. Thus, Export Processing Zones have been established at strategic locations to promote foreign commerce. One hundred percent foreign ownership is allowed for enterprises meeting the criteria of these zones.

Other forms of investment incentives exist for those enterprises which register under the Board of Investments. These firms may be eligible for a number of incentives which include various tax breaks including pioneer status and extended tax holidays if certain criteria are met, as well as tariff exemptions.

Canada-Philippines Commercial Relations

Trade between Canada and the Philippines is carried out under the GATT. In terms of exports to Canada, the Philippines is a beneficiary of Canada's General Preferential Tariff. As well, a number of arrangements are in place between the two countries which facilitate business relations. These include an agreement to avoid double taxation and an exchange of notes to promote and protect Canadian investment in the Philippines.

Trade between Canada and the Philippines has almost tripled since 1985, reaching \$425 million in 1989. Canadian exports have risen from \$45 million to \$220 million during the same period. Neither Canada nor the Philippines are major players in each other's market, as they account for only approximately 1.5 - 2% of each other's exports.

While Canadian exports have been traditionally dominated by agricultural and resource commodities, opportunities for manufactured and high technology products are expanding. Canada's trade strategy has targeted the Philippines as a market opportunity for advanced technology products and services; mining, metal and mineral products and services; power and energy equipment and services; grains and oilseeds; and agriculture and food products and services.

The Export Development Corporation has been on cover in the Philippines since 1986 and the CIDA Industrial Cooperation Program is supportive of companies pursuing joint venture and project opportunities. A CIDA-EDC \$42 million concessional line of credit for rural telecommunications will greatly assist Canadian marketing efforts in that sector. As well, Asian Development Bank and World Bank projects offer potential for sales of a wide variety of consultancy services and capital goods in the Philippines.

Many Canadian exporters have been cautious in pursuing business and investment opportunities in the Philippines in the recent past because of the uncertainties and perceived risks associated with the political and economic situation. Nevertheless, a steadily increasing number of Canadian business visitors to the Philippines continue to be successful in promoting their exports locally. In 1988 and 1989, over 95% of all Canadian exports to the Philippines were arranged on a cash basis, with no concessional financing or involvement on the part of the Export Development Corporation.

Philippine exports to Canada have been traditionally dominated by textiles and agricultural and fisheries products (45% of total exports in 1980 and 47% in 1989). Recently, exports to Canada have grown in sophistication with the introduction of electric and electronic products and equipment and other durable goods. In 1989, the Philippines was the fifth largest supplier of clothing to Canada.

With Canadian direct investment at approximately \$90 million, Canada ranks as the 15th largest investor in the Philippines. Major Canadian investors include Sun Life (for over 100 years), the Bank of Nova Scotia (40% equity in Solid Bank), Placer Dome (Mar Copper) and BC Packers (tuna cannery). Six other Canadian companies operate branch sales offices. Approximately 20 joint venture agreements and other forms of arrangements involving Canadian and Filipino interests in the Philippines are found in the garment, fishing, mining, manufacturing and services sectors.

A number of trade promotion programs and activities provide ongoing support to Canadian exporters and investors pursuing opportunities in the Philippines. Since 1980, over \$2 million in support has been offered through the Program for Export Market Development (PEMD) for 275 projects in the Philippines. Sales generated as a result of PEMD grants since 1970 reached approximately \$265 million.

A Canadian Chamber of Commerce was formed in Manila in October 1989 to promote Canadian business interests in the Philippines. As of March 1990, the Chamber had 90 members, consisting mainly of resident Canadian business persons and local representatives of Canadian companies.

The Canadian Embassy in the Philippines has developed a series of sectoral market studies in order to better prepare Canadian business for dealings in the Philippines. These studies can be obtained from External Affairs and International Trade Canada, and a full list of available material is shown in the appendix.

FACT SHEET - PHILIPPINES

August 1990

Area: 300,439 sq km

Population: 64.9 million (mid-1989) - 13th most populous country

Capital: Manila

System of Government: Democracy

President: Corazon Aquino

Minister of Trade & Industry: José Concepcion Jr.

Language: Tagalog (English widely spoken)

Ethnic Background: Mainly Malay, Chinese, also Indian, Japanese, Arab, Spanish

GDP: US \$46.27 b(1990f)

Per Capita Income: US \$736 (1989)

Currency: peso = Cdn \$0.063

Inflation Rate: 13.1% (May 90) **Debt Service Ratio:** 26.9% (1990f) **Unemployment Rate:** 9.2% (1989)

Major Trading Partners (1988):

Exports (Total: US \$7.034 billion)

1. USA (\$2.512 b)
2. Japan (\$1.415 b)
3. Hong Kong (\$0.343 b)
4. United Kingdom (\$0.325 b)
5. Netherlands (\$0.314 b)

Imports (Total: US \$8.7 billion)

1. USA (\$1.822 b)
2. Japan (\$1.502 b)
3. Taiwan (\$0.532 b)
4. Hong Kong (\$0.388 b)
5. Singapore (\$0.353 b)

Canadian Trade Statistics: (Cdn \$ millions)

	1986	1987	1988	1989
Exports	49.5	122.1	131.0	219.4
Imports	133.5	132.8	178.4	204.7
Balance	-84.0	-10.7	-47.4	14.7

Major Canadian Exports 1989 (Cdn \$'000)

Wheat	50,542
Copper ores/concentrates	38,633
Flat rolled products	24,956
Paper	13,259
Potassium chloride	9,660
Zinc not alloyed unwrought	8,688

Major Canadian Imports 1989 (Cdn \$'000)

Clothing	45,777
Integrated circuits	32,602
Tuna, Skipjack/Atl. bonito	24,052
Wrist watches	11,628
Gloves, mittens & mitts	7,269
Furniture of other materials	5,528

Main Sectors of Opportunity for Canadian Business:

1. Advanced Technology Products/Services
2. Mining, Metals, and Minerals
3. Power
4. Grains and Oilseeds
5. Agriculture & Food Products
6. Asian Development & World Bank Projects

EDC Status: On cover

CIDA Status: Category I country (\$100 million program to be spent in 5 years)

Resident Canadian Bank: Bank of Nova Scotia (Equity participation)

Canadian Reps in Philippines: Ambassador - André Simard; Commercial Counsellor - David McNamara; Tel: (011-63-2) 815-9536; Telex: (Destination Code 75) 63676 DOMCAN PN; Fax: (011-63-2) 815-9595

Department of External Affairs/PST Trade Contact: Alan McBride, Tel: (613) 992-0959; Telex: 053-3745; Fax: (613) 996-4309

Philippine Reps in Canada: Ambassador - Ramon Diaz, Ottawa; Consulates in Vancouver and Toronto

MAJOR CANADIAN EXPORTS TO THE PHILIPPINES
(OOOs)

<u>Code</u>		<u>1988</u>	<u>1989</u>
10	Cereals (Wheat 50,542)	9,602	50,561
26	Ores, slag & ash (Copper ores & concentrates 38,633)	4,305	38,672
72	Iron & steel (Flat rolled prod 24,956)	1,037	25,114
48	Paper & paperboard	15,997	13,572
31	Fertilizers (Potassium chloride 9,660)	22,930	11,450
84	Boilers, mchy & mech appliance; parts	5,383	11,330
79	Zinc & articles thereof	7,251	10,214
39	Plastics & articles thereof	11,599	9,715
04	Dairy prod; natural honey (Milk powder 8,263)	9,123	8,750
47	Pulp of wood/of other fibrous cellulosic mat; waste etc. (Chemical wood pulp 6,806)	8,484	7,240
85	Electrical mchy equip parts thereof; sound recorder etc.	2,538	5,722
55	Man-made staple fibres	7,422	4,097
29	Organic chemicals	1,813	2,400
88	Aircraft & parts thereof	12	2,220
08	Edible fruit & nuts; peel	638	1,677
21	Miscellaneous edible preparations	2,599	1,535
25	Salt; sulphur; earth & stone; plastering mat; lime & cement	2,105	1,368
30	Pharmaceutical products	1,487	1,362
23	Residues & waste from food indust; animal fodder	<u>3,821</u>	<u>1,048</u>
	Sub-Total of	118,146	208,047
	Total	131,014	219,408

CEA Status: Category I country (\$100 million program to be spent in 8 years)

Resident Canadian Bank of World Trade (Export destination)

Canadian Trade Representative Office in Philippines - Manila
 Canadian Trade Representative Office in Philippines - Cebu
 Canadian Trade Representative Office in Philippines - Davao
 Canadian Trade Representative Office in Philippines - Iloilo
 Canadian Trade Representative Office in Philippines - Zamboanga

Department of External Affairs, 927 Trade Centre, 11th Floor, Ottawa, Ontario, Canada
 Tel: (613) 993-4309 Fax: (613) 993-4309

Philippine Trade Representative Office in Canada - Ottawa, Ontario
 Philippine Trade Representative Office in Canada - Vancouver, British Columbia

MAJOR CANADIAN IMPORTS FROM THE PHILIPPINES
(‘OOOs)

<u>Code</u>		<u>1988</u>	<u>1989</u>
85	Electrical machinery equip parts; sound recorder etc. (Monolithic integrated circuits 32,602)	33,303	44,194
62	Art of apparel & clothing access, not knitted/crocheted	25,937	31,479
16	Prep of meat, fish or crustaceans (Tunas, skipjack & Atl bonito 24,052)	9,493	24,580
61	Art of apparel & clothing access, knitted or crocheted	16,002	14,520
91	Clocks & watches & parts thereof (Wrist watches 11,628)	8,898	11,650
42	Articles of leather; saddlery/harness; travel goods etc.	8,414	9,078
94	Furniture; bedding, mattress, matt support, cushion etc.	6,094	8,199
20	Prep of vegetable, fruit, nuts	10,816	6,525
44	Wood & articles of wood; wood charcoal	6,970	5,981
08	Edible fruit & nuts	6,431	5,782
46	Manufactures of straw, exparto/other plaiting mat; etc.	4,576	4,901
64	Footwear, gaiters & like; parts of such articles	4,474	4,084
84	Boilers, machinery & mech appliance; parts	4,675	3,978
15	Animal/veg fats & oils & their cleavage products; etc.	8,637	3,404
03	Fish & crustacean	2,117	3,085
09	Coffee, tea, maté & spices	3,331	2,572
26	Ores, slag and ash	1,384	2,510
38	Miscellaneous chemical products	1,122	1,693
56	Wadding, felt & nonwoven; yarns; twine; cordage etc.	811	1,663
95	Toys, games & sports requisites; parts & access thereof	4,146	1,470
71	Natural/cultured pearls, prec stones & metals, coin etc.	769	1,324
69	Ceramic products	870	1,317
93	Arms & ammunition; parts & accessories	995	1,059
40	Rubber & articles thereof	454	1,004
63	Other made up textile articles; sets; worn clothing etc.	<u>858</u>	<u>1,000</u>
	Sub-Total	171,577	197,052
	of	<hr/>	<hr/>
	Total	178,248	204,853

SINGAPORE

... part of the ... activities ... and ... Singapore ...

Canada ... exchange information ... Pacific Economic Cooperation Council ...

Business Environment Development

... natural resources ... Singapore ...

SINGAPORE

These measures have ... manufactured goods ...

Aside from a ... high growth rates ...

... activity ...

SINGAPORE

The dynamism of the Singapore economy, its regional role as a communications and transportation hub, and Singapore's membership in a wide range of international institutions make it an important interlocutor for Canada on regional and global trade, as well as economic and political issues. While Canada's political and economic relationship with Singapore is maturing, there remains a significant potential to broaden these ties in the future.

Canada enjoys sound relations with Singapore stemming from the Commonwealth bond and Canada's support for and active dialogue with ASEAN. The two countries regularly exchange information and views on a broad range of issues, including Asia-Pacific Economic Cooperation (APEC) and the Multilateral Trade Negotiations, as well as political and economic developments in the region. However, trade is by far the most important feature of the Canada-Singapore relationship.

Recent Economic Developments

Given its few natural resources and the high dependence of its economy on trade, Singapore is extremely vulnerable to the vagaries of the international marketplace and to external economic fluctuations. Foreign capital has been and continues to be a key factor in the development of Singapore as a major international financial, commercial and trade centre. The government has effectively managed the economy within a volatile environment through the promotion of policies which support free trade and accommodate both domestic and foreign investment.

These measures have been successful in boosting exports, particularly of manufactured goods to the United States and the European Community. The government's policies have also helped to maintain large capital inflows as well as investor confidence in the country's economic prospects. Total investment commitments in 1989 amounted to CDN \$1.2 billion, with around 80% of this coming from the United States and Japan. The government also actively encourages foreign investment abroad as a means of acquiring foreign technology, expanding export markets and, in the process, creating a pool of Singapore-owned and controlled multinational corporations.

Aside from a setback associated with the economic downturn of 1985, Singapore has maintained high growth rates throughout the last quarter century. The manufacturing sector has led growth in the recovery period, mainly in response to international demand for computers and associated goods. In 1989, Singapore's economy grew at an annual rate of 9.2%, a decrease from the even higher growth level of 11.1% posted in 1988.

Singapore is actively encouraging the diversification of the services sector in an effort to make the economy less dependent on the performance of its major trading partners. However, rapid growth since 1987 has placed considerable pressure on its labour market, a situation which has constrained the expansion of the economy and posed a risk to Singapore's international competitiveness. The economy is expected to slow down further in 1990 with GDP growth estimated in the 6% to 8% range.

Singapore's Global Trade

The significance of trade to Singapore's economic well-being is evident from the fact that its total trade exceeds the GDP by a factor of three. Re-exports alone account for over one third of total trade.

Singapore's two-way trade with the rest of the world reached \$110.6 billion in 1989, an 8% increase over the previous year. The country's overall trade deficit reached approximately \$6.1 billion, mainly because of Japan's importance as an import source. The United States is Singapore's most important trading partner, accounting for over 20% of its global trade in 1989. Japan and Malaysia rank closely as second and third with respectively 15% and 13.5% of Singapore's global trade.

As noted, Japan is now the largest source of imports for Singapore, with over 21% of the total, followed by the United States and Malaysia. These three countries account for over 50% of the total imports into Singapore. Singapore's leading export market is the United States which absorbs almost one quarter of its total exports. Malaysia, Japan, Hong Kong and Thailand together account for another 34% of Singapore's total exports.

The Business Environment

Singapore's success on the international trade scene builds on its traditional role as an entrepôt for the region. This role has been reinforced by its central geographic location in Asia, well-developed infrastructure, world class communications system and political stability, as well as its educated, English-speaking workforce. The Singaporean government's fiscal and monetary policies are designed to promote Singapore as a business centre through the facilitation of private sector growth and export competitiveness.

Singapore's market economy is based on a completely free enterprise system. Singapore functions as a free port where most goods are not subject to quota restriction and can be imported without a licence. As well, most imports are duty free, with only 8% of trading classes subject to import duty.

The objectives of domestic price stability and export competitiveness are sought through exchange rate and monetary policy. Large foreign reserves, relatively low inflation and competitive interest rates provide few constraints on monetary policy.

Foreign investment is actively encouraged, especially in the development of technology and its related management and labour skills. Virtually all industries are open to foreign investment, with the exception of public utilities and telecommunications. Singapore offers a relatively risk free environment in that no nationalizations or expropriations have ever occurred.

Generally, no percentage restrictions are enforced regarding foreign ownership, although the approval of relevant government departments is required. The only areas where restrictions to ownership occur are in the banking and newspaper-publishing sectors. Special incentives have been developed, especially to encourage high-technology based sectors.

Singapore has developed many tax incentives to attract both foreign and local investment. Currently, there is no differentiation made between foreign and local investment capital. These incentives include various tax breaks and cover such aspects as pioneer status, expansion incentives, investment allowances, research and development expenses and international consultancy services.

As well, the Economic Development Board of Singapore has made available a range of economic development assistance schemes. These schemes are designed to provide financial assistance for small - medium sized companies and joint venture enterprises. In order to be eligible for this type of assistance, a joint venture must be at least 30% locally-owned with less than 50 employees and assets of less than \$8 million.

Canada-Singapore Commercial Relations

Trade is by far the most important feature of the Canada-Singapore relationship. Trade between Canada and Singapore is carried out under the GATT. In terms of exports to Canada, Singapore is a beneficiary of Canada's General Preferential Tariff and British Preferential Tariff. As well, two agreements are in place between Singapore and Canada which facilitate business relations. These are an exchange of notes to promote and protect Canadian investment in Singapore, and an agreement to avoid double taxation.

Trade between Canada and Singapore has more than doubled between 1985 and 1988. Two-way trade reached \$742.1 million in 1988, an impressive 60% increase over the 1987 level. In 1989, the value of trade increased only slightly to \$746 million. However, Singapore exports to Canada have increased more rapidly than Canadian exports to Singapore and have contributed to a rising trade deficit for Canada, currently in the order of \$259 million. Canadian exports to Singapore decreased by over 11% to \$243.5 million in 1989, while imports into Canada from Singapore reached \$502.4 million.

Although two-way trade has been growing at a rapid rate, Canada and Singapore are not significant players in each other's market. Canada's share of Singapore imports is only 0.5% of the total while its share of total Singapore exports is slightly higher at 0.9%. Canadian investment in Singapore has been very modest, representing only a small portion of the net inflow of foreign investment in Singapore.

Canada's exports, which consisted in large part of primary products in the early 1980's, have grown in sophistication over the last decade and are now more equally distributed among the primary and manufacturing sectors. The composition of Singapore's imports into Canada has also changed dramatically over the last decade with telecommunications, electric and electronic equipment/products now representing over 75% of the total. This compares with less than 32% in 1980. These products have replaced the more traditional export of rubber, textiles and other miscellaneous manufactured goods.

Currently, Canadian economic and commercial relations with Singapore are strengthened by the active Canadian community in Singapore. The provincial governments of B.C., Ontario and Quebec each maintain active trade offices. In addition, over seventy Canadian companies and associations have offices in Singapore, including the five major

banks. Canadian companies are also represented in Singapore through close to 200 agents and distributors.

Canada's trade strategy has targeted Singapore as a promising market for advanced technology products and services, agriculture and food products, the defence sector, aerospace equipment and services, medical and health products and services and the oil and gas sector. The bulk of these opportunities are associated with Singapore's increased sophistication in the manufacturing and service sectors.

A number of government programs and private sector initiatives have supported Canada's export marketing efforts in Singapore. They have been aimed at identifying opportunities for Canadian exports in specific sectors of Singapore's economy in establishing linkages between the business communities of both countries. In particular, Canadian companies make frequent use of the Program for Export Market Development (PEMD), which is designed to stimulate increased export sales of Canadian goods and services abroad. Since 1980, over \$4 million has been spent on 560 approved projects pertaining to Singapore under this program. The sales generated as a result of PEMD grants have totalled close to \$83 million since the inception of the program in the early 1970's.

A Canadian Business Association in Singapore was created in 1981 in response to the growing presence of Canadian companies and business interests in Singapore. As well, a Canada-Singapore Business Association was established in Vancouver in August of 1989 to assist in identifying trade and business opportunities in Canada and Singapore and to provide contacts to potential investors.

The Canadian High Commission in Singapore has developed a series of sectoral market studies in order to better prepare Canadian business for dealings in Singapore. These studies can be obtained from External Affairs and International Trade Canada, and a full list of available material is shown in the appendix.

FACT SHEET - SINGAPORE

August 1990

Area: 626 sq km

Population: 2.7 million (1990)

Capital: City State

System of Government: Constitutional Parliamentary Democracy

Head of State: President Wee Kim Wee Prime Minister: Lee Kuan Yew

Minister of Trade and Industry: Lee Hsien Loong

Language: English, Mandarin, Malay, Tamil Ethnic Background: Chinese 77%, Malay 15%, East Indian 7%

GDP: US \$31.73 b (1990f) Per Capita Income: US \$10,270 (1989) Currency: Spore \$ = Cdn \$0.63

Inflation Rate: 3.1% (1990f) Debt Service Ratio: 4.3% (1990f) Unemployment Rate: 2.5% (1989)

Major Trading Partners (1989):

Exports (Total: US \$47.0 billion)

1. USA (\$10.9 b)
2. Malaysia (\$6.4 b)
3. Japan (\$4.0 b)
4. Hong Kong (\$2.5 b)
5. Thailand (\$2.1 b)

Imports (Total: US \$52.3 billion)

1. Japan (\$11.2 b)
2. USA (\$9.0 b)
3. Malaysia (\$6.9 b)
4. Saudi Arabia (\$2.9 b)
5. Taiwan (\$2.6 b)

Canadian Trade Statistics: (Cdn \$ millions)

	1986	1987	1988	1989
Exports	146.3	168.0	275.2	243.5
Imports	208.3	291.4	466.9	502.4
Balance	-62.0	-123.4	-191.7	-258.9

Major Canadian Exports 1989 (Cdn \$ million)

Machinery, Elec Eqpt & Parts	58.2
Special Transactions/Commodities	31.6
Paper & Paperboard Articles	25.3
Aircraft & parts (incl. engines)	24.7
Base Metals & Articles	19.0

Major Canadian Imports 1989 (Cdn \$ million)

Telecom, Electrical Eqpt/Parts	168.2
Auto Data, Proc. Machines/Eqpt	167.5
Mchy, Mech Appliances/Parts	59.0
Textiles & articles	32.8
Organic Chemicals	15.0

Main Sectors of Opportunity for Canadian Business:

1. Advanced Technology Products & Services
2. Defence Programs/Products/Services
3. Agriculture & Food Products
4. Transportation Systems/Equipment
5. Oil & Gas Equipment/Services
6. Education, Medical, & Health Products

EDC Status: On cover

CIDA Status: Not program country

Resident Canadian Banks: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank, Toronto Dominion Bank

Canadian Reps in Singapore: High Commissioner - Bernie Gagosz; Commercial Counsellor - Denis Comeau; Tel: (011-65) 225-6363; Telex: (Destination Code 87) RS21277; Fax: (011-65) 225-2450

Department of External Affairs/PST Trade Contact: Louise Branch; Tel: (613) 996-5824; Telex: 053-3745; Fax: (613) 996-4309

Singapore Reps in Canada: High Commissioner - Chan Heng Chee; contact should be made via Singapore Permanent Mission in New York; Tel: (212) 826-0840
Commercial Reps - Lim Chin Geok, Toronto, Ontario, Tel: (416) 363-8227
- Ng Che Meng, Vancouver, BC, Tel: (604) 662-7055

MAJOR CANADIAN EXPORTS TO SINGAPORE
('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
99	Special Transaction - Trade	39,392	31,705
85	Electrical mchy equip parts thereof; sound recorder etc.	32,579	31,191
84	(Cathode-ray TV picture tubes 13,461)		
84	Boilers, mchy & mech appliance; parts	22,824	27,012
88	Aircraft, spacecraft & parts thereof (Flight simulators & parts thereof 15,071)	3,083	24,735
48	Paper & paperboard (Newsprint, in rolls or sheets 13,513) (Paper 8,860)	35,582	23,471
71	Natural/cultured pearls, prec stones & metals, coin etc. (Silver in unwrought forms 9,304)	36,282	12,969
12	Miscellaneous grain, seed, fruit etc. (Soya beans 7,149)	6,948	8,419
98	Special Classification Provisions	5,700	7,896
39	Plastics & articles thereof	12,745	7,843
31	Fertilizers (Potassium chloride 5,024)	23,252	7,042
79	Zinc & articles thereof	7,032	6,884
87	Vehicles o/t railw/tramw roll-stock, pts & accessories	9,705	5,823
73	Articles of iron or steel	1,676	5,446
90	Optical, photo	2,428	4,194
28	Inorgn chem; compds of prec met	925	3,242
57	Carpets & other textile floor coverings	3,196	3,204
29	Organic chemicals	2,240	2,736
44	Wood & articles of wood	1,768	2,375
26	Ores, slag & ash	241	2,129
93	Arms & ammuniton; parts & access. thereof	--	2,070
82	Tools, implements, cutlery	3,228	2,053
76	Aluminium & articles thereof	1,432	2,014
54	Man-made filaments	188	1,810
21	Miscellaneous edible preparations	857	1,530
47	Pulp of wood/of other fibrous cellulosic mat; waste etc.	1,525	1,470
72	Iron & steel	129	1,446
55	Man-made staple fibres	486	1,400
20	Prep of vegetable, fruit, nuts or other parts of plants	<u>1,500</u>	<u>1,029</u>
Sub-Total		256,943	233,138
of			
Total		275,445	243,515

MAJOR CANADIAN IMPORTS FROM SINGAPORE
('OOOs)

<u>Code</u>	<u>1988</u>	<u>1989</u>
84 Boilers, mchy & mech appliance; parts (Storage units 130,109) (Compressors of kind used in refrig. 30,374) (Digital process units 29,087) (Parts & access. of automatic data processing machines 12,259) (Automatic typewriters & word-processing machines 7,268)	216,113	226,589
85 Electrical mchy equip parts thereof; sound recorder etc. (Radio-broadcast receivers 41,274) (Monolithic integrated circuits 28,475) (TV receivers incl. video monitors 13,893) (Telephone answering machines 10,168) (Microwave ovens 8,926) (Electric smoothing irons 7,777)	152,179	168,742
29 Organic chemicals	15,129	15,123
62 Art of apparel & clothing access, not knitted/crocheted	10,551	13,262
61 Art of apparel & clothing access, knitted or crocheted	10,118	13,143
40 Rubber & articles thereof	1,343	8,670
03 Fish & crustacean	6,110	5,202
87 Vehicles o/t railw/tramw roll-stock, pts.	4,682	4,599
95 Toys, games & sports requisites	10,392	4,596
55 Man-made staple fibres	4,268	3,957
44 Wood & articles of wood	3,536	3,397
94 Furniture; bedding, mattress	4,103	3,254
90 Optical, photo	3,309	3,244
72 Iron & steel	42	2,630
49 Printed books, newspapers, pictures & other product etc.	1,657	2,502
83 Miscellaneous articles of base metal	1,402	2,421
63 Other made up textile articles; sets; worn clothing etc.	622	2,298
89 Ships, boats & floating structures	2,918	1,711
09 Coffee, tea, maté & spices	1,642	1,699
82 Tool, implement	1,690	1,615
15 Animal/veg fats & oils	956	1,572
73 Articles of iron or steel	665	1,180
05 Products of animal origin	<u>2,828</u>	<u>1,158</u>
Sub-Total of	446,255	492,564
Total	<u>446,562</u>	<u>502,431</u>

THAILAND

Canada's relations with Thailand are important because of the large number of Canadian tourists who visit Thailand each year. The Department of Foreign Affairs and International Trade is also interested in the development of trade relations between the two countries. The Department of Foreign Affairs and International Trade is also interested in the development of trade relations between the two countries.

Recent Economic Developments

The Thai economy has been growing steadily since 1980. The growth rate of the Thai economy has been around 7% per year. The Thai economy has been growing steadily since 1980. The growth rate of the Thai economy has been around 7% per year.

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THAILAND

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THAILAND

Canada's relations with Thailand are important across a full range of political, economic and commercial activities. Links between Canada and Thailand have been strengthened by Canada's increased interest in the region through Asia-Pacific Economic Cooperation (APEC), the Association of South East Asian Nations (ASEAN), our development assistance program and rapidly expanding bilateral trade. Growing business between the two countries is largely due to Thailand's economic growth, industrial diversification, political stability and the market orientation of the Thai government's economic policies.

Recent Economic Developments

The Thai economy has been one of the more successful and resilient in ASEAN over the last two decades, achieving annual GDP growth exceeding 7%, and per capita income growth of 5%. Economic growth slowed significantly during the first half of the 1980's as a result of the economic recession but regained momentum in 1986 with the fall in world oil prices, the implementation of fiscal restraint measures, the promotion of a competitive exchange rate policy and the large inflow of foreign investment, particularly in export industries. Annual GDP growth averaged 8% in the period 1986 - 1988, reaching highs of 11% in 1988, and 13.2% in 1989.

The economy is expected to remain strong during 1990, although GDP growth may slow to approximately 9% due to a combination of weaker demand for Thai exports, a fall in major agricultural prices and the impact of government anti-inflationary measures on domestic demand.

The agriculture sector continues to remain a key component of the Thai economy but high industrial growth, the gradual development of a modern infrastructure and increasing trade and investment have substantially transformed the country's economic and social structure over the past two decades. For example, in 1983 the agriculture sector represented 22% of GDP as opposed to 19.1% for the manufacturing sector, while in 1987 these figures had changed to 16% and 24.1% respectively.

The increased demand for imports (up by 25% in 1989) has continued to press inflation upward to 5.5% in 1989, up from 3.9% in 1988 and 2.5% the previous year. Key issues which the government of Thailand must manage in this period of continued high economic growth will include inflation, income distribution, infrastructure development through public and private sector investment and human resources development.

Thailand's Global Trade

Thailand's two-way trade with the rest of the world reached \$53 billion in 1989, a 21% increase over the previous year and close to twice the 1987 level. Thailand's trade deficit also increased by approximately 20% in 1989, reaching close to \$6 billion. Japan is by far Thailand's most important import source. Japan is also Thailand's most important overall trading partner, accounting for over 18% of its global trade. The U.S. follows with 13% and Singapore with 6%. Those three countries account for 44% of Thailand's exports and over 50% of its imports.

Thailand has become an attractive investment destination, particularly owing to its diversified resource base, inexpensive labour force and favourable political environment. Investment is estimated to have increased by about 40% in 1989 as compared to 1988, reaching in excess of \$13.5 billion. Investments from Japan account for approximately half of all foreign investment in Thailand, a marked shift from the situation prevailing in 1985 when the United States' share of foreign investment was 54% as compared to 14% today.

The Business Environment

Thailand is financially strong, economically and politically stable and is endowed with rich and varied natural resources. Even in times of international economic downturn, the Thai economy has managed to maintain high growth rates. In fact, private enterprise has long been recognized as essential to the development of the Thai nation and as such is not subject to excessive Government control. However, it is recommended that new foreign investors register with the Board of Investment .

The Board of Investment has designated several areas in various provinces as investment promotion zones. A project which is located in any of these zones will be granted special rights and benefits, mainly in the form of tax privileges. The Board of Investment has also undertaken to accelerate the provision of the necessary infrastructure in these areas.

Joint ventures with local partners are encouraged by the government. Foreign partners are welcomed if they provide "new" technology. However, they are expected to assist in the transfer of the expertise associated with the technology to their Thai counterparts. As restrictions to foreign ownership of land apply, this should be addressed between the joint venture partners.

With respect to the trade environment, most duties are *ad valorem*, although some are specific and others are both *ad valorem* and specific. For most goods the rates fall within the 25% to 60% range, however, for some luxury consumer items, import duty can be as high as 150%. The Thai Ministry of Finance recently announced that it plans to reduce tariffs on finished goods from 50% to 20%, and on parts from 20% to 10%.

Canada - Thailand Commercial Relations

Trade between Canada and Thailand is carried out under the GATT. In terms of exports into Canada, Thailand is a beneficiary of Canada's General Preferential Tariff. As well, two agreements are in place between Thailand and Canada which facilitate business relations. These are an exchange of notes to promote and protect Canadian investment in Thailand, and an agreement to avoid double taxation.

Historically, Canadian - Thai trade developed on a slow, steady basis. However, the momentum of recent years led to 1989 two-way trade exceeding \$765 million, as compared with \$166 million in 1980. Although Canada had in the past held the favourable share of this trade, the balance tipped in Thailand's favour in 1987. This can be attributed to the implementation of a Thai - Japanese joint venture which manufactures automobiles for export to Chrysler Canada.

Canada's trade strategy has targeted Thailand as a market opportunity for advanced technologies, including communications; energy; agriculture and food products and services; defence related 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 important features of Canada's exports to Thailand.

Thailand's imports into Canada have consisted mainly of textiles, fish, seafood and food preparations as well as products such as 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 50% to the increase in trade value since 1988.

There are at the present time approximately 30 signed agreements involving joint ventures between Thai and Canadian firms, and this represents over \$100 million of registered capital. A large number of similar arrangements are currently being studied by Canadian firms with support from CIDA's Industrial Cooperation Program (CIDA/INC).

In addition to CIDA/INC's support, a new project in CIDA's Government-to-Government programme will also play an important role in the promotion of business development in Thailand through a 5-year programme focused on building business ties between the Canadian and Thai private sectors. The project is entitled The Thai - Canada Enterprise Collaboration Program. This program is being set up to promote the transfer of Canadian technology and know-how to Thailand through joint ventures and other cooperative endeavours between the private sectors in both countries.

Department of External Affairs/PST Trade Services, Ottawa, Ontario, K1P 6L3
905-4398; Telex: 053-5745

Thailand Reps in Canada: Airbase/Chryl - Ottawa, Toronto, Montreal, Edmonton, and Vancouver
Commercial Reps: Ottawa, Toronto, Montreal, Edmonton, and Vancouver

In addition to the CIDA programmes, the Program for Export Market Development (PEMD) is designed to stimulate economic growth in Canada through assistance in obtaining increased export sales of Canadian goods and services. Since 1980, over \$2.3 million have been spent with respect to the Thai market on 297 approved projects, and sales generated as a result of the PEMD grants have totalled close to \$23 million since the inception of the program in the early 1970's.

The Thai-Canadian Business Club, established in Bangkok in November 1988, now has 300 members. It brings together Thai and Canadian individuals and companies interested in further developing trade and economic relations between the two countries. The Club organizes regular meetings and speaking events as well as other business promotion activities to facilitate the dissemination of information.

The Canadian Embassy in Thailand has prepared a series of sectoral market studies to better prepare Canadian business for dealings in Thailand. These studies can be obtained from External Affairs and International Trade Canada and a full list of available material is shown in the appendix.

FACT SHEET - THAILAND

August 1990

Area: 513,115 km²

Population: 55.9 million (1989 approx)

Capital: Bangkok (Krung Thep)

System of Government: Constitutional Monarchy

Head of State: HM King Bhumibol Adulyadej (Rama IX)

Prime Minister: Chatichai Choonhavan

Minister of Commerce: Subin Pinkhayan

Language: Thai/Chinese/English **Ethnic Background:** Thai 80%; Chinese 10%; Malay 3%; Other 7%

GDP: US \$75.34 B (1990f)

Per Capita Income: US \$1,176 (1990f)

Currency: Bahg (100 Satang)

Cdn \$1 = approx 21.9 baht

Inflation Rate: 6.1% (1990f)

Debt Service Ratio: 9.7% (1990f)

Unemployment Rate: 4.6% (1989)

Economic Growth: 9.1% (1989)

Major Trading Partners (1988):

Exports (Total: US \$14.7 billion)

1. USA (\$3.1 b)
2. Japan (\$2.5 b)
3. Singapore (\$1.2 b)
4. Germany (\$0.7 b)
5. Hong Kong (\$0.7 b)

Imports (Total: US \$17.5 billion)

1. Japan (\$5.8 b)
2. USA (\$2.7 b)
3. Singapore (\$1.5 b)
4. Germany (\$1.1 b)
5. UK (\$0.6 b)

Canadian Trade Statistics: (Cdn \$ millions)

	1986	1987	1988	1989
Exports	105.3	194.9	259.0	339.8
Imports	161.5	209.8	343.4	419.9
Balance	-56.2	-14.9	-84.4	-74.5

Major Canadian Exports 1989 (Cdn \$'000)

Boilers (parts of)	37,946
Flat Rolled Steel Prod.	37,287
Asbestos	29,539
Chemical Wood Pulp	27,906
Newsprint	20,848
Flight Simulators	15,606

Major Canadian Imports 1989 (Cdn \$'000)

Automobiles	73,982
Clothing	52,020
Tuna	45,977
Storage Units	26,145
Pineapples	15,056
Textile Fabrics	12,872

Main Sectors of Opportunity for Canadian Business:

1. Advanced Technology (Products/Services)
2. Oil & Gas
3. Power & Energy Equipment/Services
4. Defence Sector
5. Agriculture & Food Products

EDC Status: On cover

CIDA Status: CORE country (Category I)

Resident Canadian Bank: Bank of Nova Scotia, Bangkok - Robert Rayner

Canadian Reps in Thailand: Ambassador - To be announced; Commercial Counsellor - Robert Vanderloo; First Secretary - Bertrand Desjardins; Third Secretary - David McKinnon; Telex: 82671 DOMCAN TH; Tel: (011-66-2) 234-1561/8; Fax: (011-66-2) 236-7119

Department of External Affairs/PST Trade Contact: Alan McBride, Tel: (613) 992-0959, Fax: (613) 996-4309; Telex: 053-3745

Thailand Reps in Canada: Ambassador - Chawat Arthayukti (Ottawa); Tel: (613) 722-4444; Commercial Reps: Ottawa, Toronto, Montreal, Edmonton, and Vancouver

MAJOR CANADIAN EXPORTS TO THAILAND
('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
72	Iron & steel (Flat rolled prod 37,287)	34,320	59,626
84	Nuclear reactors, boilers, mchy & mech appliance; parts (Parts of steam/vapour generating boilers 37,946)	18,724	47,550
25	Salt; sulphur; earth & ston; plastering mat; lime & cem (Asbestos 29,539)	32,494	33,532
47	Pulp of wood/of other fibrous cellulosic mat; waste etc. (Chemical wood pulp 27,906)	26,573	33,286
88	Aircraft, spacecraft & parts thereof (Flight simulators & parts thereof 15,606) (Aircraft nes of unladen weight 15,388)	671	31,181
48	Paper & paperboard; art of paper pulp, paper/paperboard (Newsprint, in rolls or sheets 20,848)	16,260	30,028
39	Plastics & articles thereof (Polypropylene 8,416) (Polyethylene 7,279)	17,907	20,908
29	Organic chemicals (Styrene 8,531)	17,288	17,025
10	Cereals (Wheat nes & meslin 14,022)	7,222	14,033
76	Aluminium & articles thereof	39,707	7,325
90	Optical, photo, cine, meas, checking, precision, etc.	11,513	7,031
85	Electrical mchy equip parts thereof; sound recorder etc.	4,846	6,237
55	Man-made staple fibres	3,213	5,457
31	Fertilizers	--	4,884
27	Mineral fuels, oils & product of their distillation; etc.	10,052	4,353
99	Special transaction - trade	4,408	2,246
82	Tool, implement, cutlery, spoon & fork, of base met etc.	2,433	1,858
41	Raw hides & skins (other than furskins) and leather	183	1,413
04	Dairy prod; birds' eggs; natural honey; edible prod nes	<u>2,537</u>	<u>1,166</u>
	Sub-Total of	250,351	329,139
	Total	<u>262,611</u>	<u>339,796</u>

MAJOR CANADIAN IMPORTS FROM THAILAND
('000s)

<u>Code</u>		<u>1988</u>	<u>1989</u>
87	Vehicles o/t railw/tramw roll-stock, pts & accessories (Automobiles 73,982)	74,123	74,482
16	Prep of meat, fish or crustaceans, molluscs (Tunas, skipjack & Atl bonito 45,977) (Shrimps & prawns prep. or preserved 10,511)	66,972	66,726
84	Nuclear reactors, boilers, mchy & mech appliance; parts (Storage units 26,145)	19,640	32,276
62	Art of apparel & clothing access, not knitted/crocheted	19,768	27,758
20	Prep of vegetable, fruit, nuts or other parts of plants (Pineapples nes 15,056)	20,863	25,159
61	Art of apparel & clothing access, knitted or crocheted	20,812	24,466
85	Electrical mchy equip parts thereof; sound recorder etc. (Monolithic integrated circuits 8,860)	10,822	18,243
71	Natural/cultured pearls, prec stones & metals, coin etc.	9,721	15,538
03	Fish & crustacean, mollusc & other aquatic invertebrate (Shrimps & prawns, frozen in shell 7,570)	8,961	12,564
64	Footwear, gaiters & like; parts of such articles	6,544	11,375
10	Cereals (Rice, semi or wholly milled 9,684)	10,327	10,227
94	Furniture; bedding, mattress, matt support, cushion etc.	5,201	9,613
55	Man-made staple fibres	8,315	8,850
73	Articles of iron or steel	5,801	7,702
40	Rubber & articles thereof	7,570	7,516
67	Prepr feathers & down; arti flower; articles human hair	6,104	7,083
95	Toys, games & sports requisites; parts & access thereof	3,272	5,688
42	Articles of leather; saddlery/harness; travel goods etc.	2,666	5,353
39	Plastics & articles thereof	3,011	4,983
23	Residues & waste from food indust; prepr ani fodder	2,576	4,607
44	Wood & articles of wood; wood charcoal	2,840	3,827
08	Edible fruit & nuts; peel of citrus fruit or melons	3,009	3,733
91	Clocks & watches & parts thereof	1,308	3,461
69	Ceramic products	1,611	2,984

<u>Code</u>		<u>1988</u>	<u>1989</u>
19	Prep of cereal, flour, starch/milk; pastrycooks' prod	2,047	2,738
63	Other made up textile articles; sets; worn clothing etc.	1,357	2,677
09	Coffee, tea, maté & spices	3,509	2,526
52	Cotton	2,364	2,273
07	Edible vegetables & certain roots & tubers	900	2,018
21	Miscellaneous edible preparations	1,097	1,395
54	Man-made filaments	<u>2,783</u>	<u>1,358</u>
	Sub-Total of	335,894	409,199
	Total	<u>343,890</u>	<u>419,886</u>

INTERNATIONAL FINANCIAL INSTITUTIONS: Asian Development Bank and World Bank

The International Financial Institutions (IFI) are the World Bank and the Asian Development Bank. They provide financial assistance to developing countries. The World Bank is a multilateral development bank that provides loans and grants to its member countries. The Asian Development Bank is a regional development bank that provides loans and grants to its member countries in the Asia-Pacific region.

The World Bank and the Asian Development Bank are both part of the International Development Bank Group. The World Bank is the largest and the Asian Development Bank is the second largest. They both provide financial assistance to developing countries. The World Bank provides loans and grants to its member countries. The Asian Development Bank provides loans and grants to its member countries in the Asia-Pacific region.

The Asian Development Bank (ADB) provides financial assistance to its member countries in the Asia-Pacific region. The World Bank provides financial assistance to its member countries. The International Development Bank Group provides financial assistance to developing countries. The World Bank is the largest and the Asian Development Bank is the second largest.

INTERNATIONAL FINANCIAL INSTITUTIONS: ASIAN DEVELOPMENT BANK AND WORLD BANK

The International Financial Institutions (IFI) are the World Bank and the Asian Development Bank. They provide financial assistance to developing countries. The World Bank is a multilateral development bank that provides loans and grants to its member countries. The Asian Development Bank is a regional development bank that provides loans and grants to its member countries in the Asia-Pacific region.

The World Bank and the Asian Development Bank are both part of the International Development Bank Group. The World Bank is the largest and the Asian Development Bank is the second largest. They both provide financial assistance to developing countries. The World Bank provides loans and grants to its member countries. The Asian Development Bank provides loans and grants to its member countries in the Asia-Pacific region.

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The World Bank provides financial assistance to its member countries. The Asian Development Bank provides financial assistance to its member countries in the Asia-Pacific region. The International Development Bank Group provides financial assistance to developing countries. The World Bank is the largest and the Asian Development Bank is the second largest.

INTERNATIONAL FINANCIAL INSTITUTIONS: Asian Development Bank and World Bank

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

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

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

Of the six ASEAN countries, the Philippines, Thailand, Malaysia, and Indonesia are borrowing members of these institutions.

Procurement of Goods and Services

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

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

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

Asian Development Bank Technical Assistance Program:

The ADB provides technical assistance to borrowing countries by making available the services of consultants for missions associated with project preparation, project implementation, or advisory assistance to its DMC's. For ADB Technical Assistance contracts, consultants are hired directly by the Bank. In order to be considered for ADB Technical Assistance projects, Canadian companies must: be registered with the Bank's Consulting Services Division; express interest in the project in writing to the responsible project officers; and, convince Bank officials that the firm is capable of carrying out the project.

Registration

There is no registration requirement with the World Bank or Asian Development Bank for service contractors and equipment suppliers. However, consulting firms (or individuals) are advised to register with the World Bank or Asian Development Bank DACON Information Centres. The borrowing countries may refer to DACON to source consultants, or to seek or confirm information about a particular company. A firm or individual must be registered with the ADB consulting services division to qualify for contracts awarded under the Technical Assistance Program.

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

Sources of Information

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

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

Canadian Government Assistance

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

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

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

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

ADB and World Bank Prime Contacts

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

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A
Tel: (202) 477-1234
Fax: (202) 477-6391
Telex: WU1 64145 WORLD BANK
RCA 248423 WORLD BK

Canadian Embassy - Manila
Robert Shaw-Wood
ADB Liaison Officer
P.O. Box 971
Makati Central Post Office
Makati, Metro Manila
Tel: (011-63-2) 815-9536
Fax: (011-63-2) 815-9595
Telex: 63676 DOMCAN PN

Canadian Embassy - Washington
Astrid Pregel
Office for Liaison with
IFIs (OLIFI)
501 Pennsylvania Ave. N.W.
Washington, D.C. 20001
Tel: (202) 682-7788
Fax: (202) 682-7726
Telex: 89664 DOMCAN A WSH

External Affairs and
International Trade - Ottawa
Louise Branch
ADB Liaison Officer
Asia Pacific South Trade
Development Division (PST)
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 996-5824
Fax: (613) 952-3904
Telex: 0533745

External Affairs and
International Trade - Ottawa
Valentina Rusedski
IFI Liaison Officer
Export Finance and Capital
Projects Division (TCF)
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 996-0705
Fax: (613) 952-3904
Telex: 0533745

FEDERAL GOVERNMENT SUPPORT TO EXPORTERS

A. External Affairs and International Trade Canada (EAITC)

- Asia Pacific South Trade Development Division
- Trade Commissioner Services Abroad
- International Trade Centres
- Info Export
- CanadExport

B. Export Support Agencies and Programs

- Programme for Export Market Development (PEMD)
- Export Development Corporation (EDC)
- Canadian International Development Agency (CIDA)
- Canadian Commercial Corporation (CCC)

FEDERAL GOVERNMENT SUPPORT TO EXPORTERS

This section outlines the advisory services, export assistance programmes and export financing support available from External Affairs and International Trade Canada and from other federal government departments and agencies.

A. EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA (EAITC)

1. Asia Pacific South Trade Development Division
2. Trade Commissioner Services Abroad
3. International Trade Centres
4. Info Export
5. CanadExport

B. EXPORT SUPPORT AGENCIES AND PROGRAMMES

1. Programme for Export Market Development (PEMD)
2. Export Development Corporation (EDC)
3. Canadian International Development Agency (CIDA)
4. Canadian Commercial Corporation (CCC)

A. **EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA (EAITC)**

EAITC is the lead federal government department responsible for Canada's international trade and export development. About one third of the department's personnel is employed in trade and economic policy work and in promoting Canadian exports, investment and tourism.

EAITC has five geographic branches - Africa and Middle East, Asia Pacific, Europe, Latin America and Caribbean, and United States. Within each branch are geographic trade divisions which provide information on business opportunities in particular countries. The section which follows describes the Asia Pacific South Trade Development Division which is responsible for the ASEAN markets.

EAITC also has sectoral trade divisions which provide information on marketing opportunities around the world for individual product or service sectors. A list of EAITC sectoral contacts is provided in the Department's guide, "Trade Development Programs and Services", available from Info Export.

The address of EAITC is:

125 Sussex Drive
Ottawa, Ontario
K1A 0G2

The Info Export toll-free number is 1-800-267-8376. In the Ottawa area, call 993-6435.

A.1 **ASIA PACIFIC SOUTH TRADE DEVELOPMENT DIVISION**

EAITC geographic trade officers for individual countries are in a position to provide advice on doing business in a particular market, to identify market opportunities, to assist companies in their preparation for visits to potential markets, to arrange participation in trade fairs and to involve Canadian firms in visits to Canada by foreign buyers.

Geographic trade officers are also in contact with their counterparts in other federal and provincial departments and agencies, and therefore can advise Canadian exporters on the range of Canadian export development activities focused on the countries for which they are responsible.

In the Asia Pacific South Trade Development Division, contacts responsible for markets in South East Asia are the following:

Director: Robert Déry
Tel: (613) 996-0910

Deputy Director: Jackie Snyder
(ASEAN) Tel: (613) 996-3667

Indonesia: Patricia Filteau
Tel: (613) 996-7659

Malaysia, Brunei
Singapore Louise Branch
Tel: (613) 996-5824

Philippines, Thailand: Alan D. McBride
Tel: (613) 992-0959

The fax number for the Asia Pacific Branch is (613) 996-4309.

A.2 TRADE COMMISSIONER SERVICES ABROAD

EAITC has a network of over 800 Trade Commissioners in Canada and abroad. The Trade Commissioner's role is to assist Canadian exporters and promote Canadian trade, investment and tourism.

Over 500 of these trade officers are posted outside of Canada in Canadian embassies, high commissions and consulates. These Trade Commissioners monitor the host country's economic, political and social trends for their impact on trade relations with Canada. Trade Commissioners abroad can assist exporters in several ways:

- Identify firms suitable as agents and place Canadian suppliers in direct contact with these firms; provide credit and other information on potential business partners in foreign countries.
- Provide information to exporters on a country's trade, business and financial conditions, on methods of doing business and on appropriate distribution channels for particular products.
- Suggest appropriate trade shows to launch Canadian products.
- Advise and assist Canadian companies seeking foreign joint venture and licensing opportunities.

While trade commissioners can be invaluable assistants to Canadian exporters, there is a limit to the services they can provide. They will not sell a product or act as sales agents, debt collectors or travel agents. They will recommend others who can perform these functions.

Before contacting Trade Commissioners abroad, it is recommended that Canadian firms develop a systematic marketing plan. Once specific markets of interest have been identified, the company should contact only those Trade Commissioners in the target market area.

A full listing of Canadian Trade Commissioners is published in the Department's "Directory of the Canadian Trade Commissioner Service", available from EAITC in Ottawa (Info Export) or from your local International Trade Centre.

Canadian Trade Commissioners in the ASEAN region are listed below:

Indonesia Mr. W. David Hutton
Commercial Counsellor
5th Floor, Wisma
Metropolitan 1
Jalan Jenderal Sudirman, Kav 29
Jakarta, D.K.I.
Tel: (011-62-21) 510-709
Fax: (011-62-21) 578-2251

Malaysia Mr. Melvin L. Macdonald
Commercial Counsellor
Plaza MBF, 7th Floor
Jalan Ampang
50450 Kuala Lumpur
Tel: (011-60-3) 261-2000
Fax: (011-60-3) 261-3428/261-1270

Philippines Mr. K. David McNamara
Commercial Counsellor
9th Floor, Allied Bank Centre
6754 Ayala Avenue
Makati, Metro Manila
Tel: (011-63-2) 815-9536
Fax: (011-63-2) 815-9595

Singapore Mr. Denis Comeau
Commercial Counsellor
IBM Towers, 14th Floor
80 Anson Road
Singapore 0207
Tel: (011-65) 225-6363
Fax: (011-65) 225-2450

Thailand Mr. Robert Vanderloo
Commercial Counsellor
The Boonmitr Building, 11th Floor
138 Silom Road
Bangkok 10500
Tel: (011-66-2) 234-1561
Fax: (011-66-2) 236-6464/236-7119

A full listing of Canadian Trade Commissioners is published in the "Directory of the Canadian Trade Commission", available from EATC (Info Export) or from your local International Trade Centre.

A.3 INTERNATIONAL TRADE CENTRES

International Trade Centres (ITCs) are located in eleven cities across Canada, operated jointly by EAITC and Industry, Science and Technology Canada (ISTC). The ITCs are staffed by experienced Trade Commissioners and have been established to provide Canadian exporters with "one stop" trade services. Some ITCs include on-site staff from the Export Development Corporation and the Canadian International Development Agency.

For companies new to exporting, a useful first step is to contact the nearest ITC. Services such as export counselling and the provision of market opportunity information are combined with the ITC's ability to assist in the development of individual marketing plans. The centres also act as focal points for export awareness programmes such as seminars and workshops.

Following is the list of ITCs in Canada:

NEWFOUNDLAND

International Trade Centre
P. O. Box 8950
Parsons Building
90 O'Leary Avenue
St. John's, Newfoundland
A1B 3R9

Tel (709) 772-5511
Telex: 016-4749
Fax: (709) 772-2373

Mr. Tom Greenwood
Senior Trade Commissioner

NOVA SCOTIA

International Trade Centre
P. O. Box 940, Station M
1496 Lower Water Street
Halifax, NS
B3J 2V9

Tel (902) 426-7540
Telex: 019-22525
Fax: (902) 426-2624

Mr. Doug Rosenthal
Senior Trade Commissioner

PRINCE EDWARD ISLAND

International Trade Centre
P. O. Box 1115
Confederation Court Mall
134 Kent Street, Suite 400
Charlottetown, PEI
C1A 7M8

Tel (902) 566-7400
Telex: 014-44129
Fax: (902) 566-7450

Mr. Fraser Dickson
Senior Trade Commissioner

NEW BRUNSWICK

International Trade Centre
P. O. Box 1210
Assumption Place
770 Main Street
Moncton, NB
E1C 8P9

Tel (506) 857-6452
Telex: 014-2200
Fax: (506) 857-6429

Mr. Guy-André Gélinas
Director and Senior Trade Commissioner

QUEBEC

International Trade Centre
P. O. Box 247
Stock Exchange Tower
800 Place Victoria, Suite 3800
Montreal, PQ
H4Z 1E8

Tel (514) 283-8185
Telex: 055-60768
Fax: (514) 283-3302

Mr. Claude Lavoie
Acting Senior Trade Commissioner

ONTARIO

International Trade Centre
Dominion Public Building
4th Floor, One Front St. West
Toronto, ON
M5J 1A4

Tel (416) 973-5053
Telex: 065-24378
Fax: (416) 973-8161

Mr. Jeff Jones
Senior Trade Commissioner

MANITOBA

International Trade Centre
P. O. Box 981
330 Portage Avenue, Suite 608
Winnipeg, Manitoba
R3C 2V2

Tel (204) 983-8036
Telex: 07-57624
Fax: (204) 983-2187

Mr. Alan L. Lyons
Senior Trade Commissioner

SASKATCHEWAN

International Trade Centre
6th Floor, 105-21st St. East
Saskatoon, Sask.
S7K 0B3

Tel (306) 975-5925
Telex: 074-2742
Fax: (306) 975-5334

Mr. A.D.D. (Al) McEwen
Senior Trade Commissioner

ALBERTA

EDMONTON

International Trade Centre
Room 540, Canada Place
9700 Jasper Avenue
Edmonton, AB
T5J 4C3

Tel (403) 495-2944
Telex: 037-2762
Fax: (403) 495-4507

Mr. William Roberts
Senior Trade Commissioner

CALGARY

International Trade Centre
Suite 1100, 510-5th St. S.W.
Calgary, AB
T2P 3S2

Tel (403) 292-6660
Fax (403) 292-4578

Mr. Gerald Milot
Trade Commissioner

BRITISH COLUMBIA

International Trade Centre
P. O. Box 11610
900-650 West Georgia St.
Vancouver, BC
V6B 5H8

Tel (604) 666-1444
Toll Free: 1-800-663-0433
Telex: 04-51191
Fax: (604) 666-8330

Mr. Zen Burianyk
Senior Trade Commissioner

The PENT programme can be accessed through the International Trade Centres (ITCs) across Canada. Support must be requested in advance of the export activity. A basic fee is charged for the assistance provided and the fee is payable by the importer.

A.4 INFO EXPORT

Info Export is EAITC's export trade information and national toll-free assistance service. It provides exporters with a means of tapping into the Department's trade services network and of obtaining the variety of departmental trade publications.

Toll Free: 1-800-267-8376

Ottawa Calls: 993-6435

A.5 CANADEXPORT

EAITC's bi-monthly export trade newsletter, "CanadExport", provides over 56,000 subscribers with information on:

- international market opportunities
- government programmes and services to exporters
- upcoming trade events
- export success stories
- developments affecting the international trading environment
- new trade publications

Those interested in subscribing to "CanadExport" should submit the following information:

- Name, Title
- Company name and address
- Products/Services
- List of countries to which company is currently exporting
- List of countries to which company is interested in exporting

to:

Trade Communications Division (BTC)
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario
K1A 0G2

B. EXPORT SUPPORT AGENCIES AND PROGRAMMES

B.1 PROGRAMME FOR EXPORT MARKET DEVELOPMENT (PEMD)

PEMD is EAITC's primary export promotion programme. Its objective is to increase export sales of Canadian goods and services. The programme accomplishes this by sharing the costs of activities that companies normally could not, or would not undertake alone, to reduce the risks involved in penetrating a foreign market. PEMD encourages Canadian companies not previously involved in exporting to become exporters. PEMD also encourages existing Canadian exporters to enter new geographic markets and new product markets.

Kinds of Assistance Available

The Programme offers export-ready Canadian businesses financial assistance to undertake or participate in various types of trade promotion activities. All activities must be commercially oriented; that is, they must focus on generating export sales.

These activities fall into two categories, industry-initiated and government-planned:

a) Industry-Initiated Activities:

- participation in recognized trade fairs outside Canada;
- visits outside Canada to identify markets;
- visits of foreign buyers to Canada;
- project bidding for specific projects outside Canada involving international competition/formal bidding procedures;
- the establishment of permanent sales offices abroad (excluding the U.S.) in order to undertake sustained marketing efforts in an area where the applicant is currently active;
- marketing agreements (ie, marketing campaigns comprising a series of trade fairs and visits directed toward a single target market) aimed at medium-sized companies experienced in exporting;
- special activities undertaken by the private sector, non-sales trade associations/organizations for the benefit of their members.

The PEMD programme can be accessed through the International Trade Centres (ITCs) across Canada. Support must be requested in advance of the export activity. A portion of the assistance is repayable if the activity generates export sales.

b) Government-Planned Activities:

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

Participation is by government invitation.

EAITC's publication, "Program for Export Market Development: A Financial Assistance Program for Canadian Exporters" is available from either your nearest ITC or from Info Export.

B.2 EXPORT DEVELOPMENT CORPORATION (EDC)

The Export Development Corporation, a federal Crown Corporation, is Canada's official export credit agency. It provides a full range of export financing, insurance and guarantee services to Canadian exporters, including the following:

a) **EDC Export Financing and Guarantee Services**

- enable foreign buyers to purchase Canadian products and services. Funds are disbursed directly by EDC to Canadian exporters on behalf of the borrowers;
- facilitate exporter access to private sector financial backing, through loan, performance and bid bond guarantees to the financial institution providing the direct support.

b) **EDC Insurance Services**

- protect Canadian exporters (and their domestic suppliers) against non-payment by foreign buyers;
- protect Canadian companies' foreign investments overseas with respect to the following political risks: transfer (inability to repatriate earnings or capital), expropriation; war or revolution.

EDC may be contacted either through its Ottawa head office, or through its regional offices across Canada:

HEAD OFFICE

Place Export Canada
P. O. Box 655
151 O'Connor St.
Ottawa, ON
K1P 5T9
(613) 598-2500

QUEBEC REGIONAL OFFICE

Suite 2724, Tour de la Bourse
800 Victoria Square
P. O. Box 124
Montreal, PQ
H4Z 1C3
(514) 878-1881

PRAIRIE AND NORTHERN REGIONAL OFFICE

Suite 2140, Bow Valley Sq. III
255 - 5th Ave. S.W.
Calgary, AB
T2P 3G6
(403) 294-0928

ATLANTIC REGIONAL OFFICE

Suite 1003, T.D. Bank Building
1791 Barrington St.
Halifax, NS
B3J 3L1
(902) 429-0426

ONTARIO REGIONAL OFFICE

Suite 810, National Bank Building
150 York St.
P. O. Box 810
Toronto, ON
M5H 3S5
(416) 364-0135

BRITISH COLUMBIA AND YUKON REGIONAL OFFICE

Suite 1030, One Bentall Centre
505 Burrard St.
Vancouver, BC
V7X 1M5
(604) 688-8658

B.3 CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

CIDA is the federal government agency which plans and administers Canada's official development assistance programme. Canadian aid funds benefit some 100 developing countries world-wide.

CIDA/Government to Government

The part of CIDA activity with which Canadians are most familiar is its government to government assistance (comprised mainly of what has in the past been called the "Bilateral" programme) which accounts for about 50% of total CIDA resources. The CIDA Bilateral branches, organized on a geographic basis, are responsible for developing multi-year assistance programmes for specific countries, in consultation with the governments of the recipient countries. In 1988/89, disbursements for projects administered by CIDA/Government to Government totalled over \$2 billion, of which about \$1 billion covered the cost of goods and services supplied by Canadian firms. CIDA has available a series of documents which describe current CIDA/Government to Government programmes in individual countries or regions.

CIDA publications may be obtained from:

Canadian International Development Agency
Public Inquiries Unit
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel: (819) 997-5006

Companies interested in receiving general information on supplying goods and services for CIDA projects may contact:

Canadian International Development Agency
Consultant and Industrial Relations Directorate
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel (819) 997-7775

This is also the contact for individuals and companies wishing to be considered for CIDA consultant services.

To register as a potential supplier, the contact is:

Supply and Services Canada
Sourcing and Priorities Division
Phase III
11 Laurier St.
Hull, Quebec
K1A 0S5
Tel (819) 956-3444

CIDA/Industrial Co-operation

A separate part of CIDA, the Business Cooperation Branch, operates the Industrial Cooperation Programme (INC) which provides financial incentives to mobilize private sector resources for development purposes, including direct technical cooperation. These incentives are in the form of financial support to Canadian companies interested in developing long-term commercial relationships in developing countries, such as joint ventures, licensing arrangements, transfer of technology and other forms of investment.

CIDA/INC receives proposals for funding support directly from Canadian companies. It contributes to the cost of project definition, and includes sharing the cost of travel to the developing country concerned. To be eligible for CIDA/INC funding assistance, proposals must clearly demonstrate social, economic and industrial benefits to the host country and to Canada. The host country should benefit from new technology, job opportunities, business expansion and foreign exchange savings, while Canada should benefit through the supply of equipment and services.

As an indication of the types of CIDA/INC assistance available to Canadian firms, the following are various mechanisms which support private sector investment as outlined above, as well as the Canadian Project Preparation Facility.

a) Starter Studies, Viability Studies, Project Support

Up to \$365,000 is available from CIDA/INC to Canadian firms which wish to investigate fully the viability of some form of investment in eligible developing countries.

- Up to \$15,000 towards the cost of initial discussions (starter study);
- Up to \$100,000 to reach the stage of a written agreement which is acceptable to the investment coordinating authorities in the host country as well as to the Canadian firm and its investment partner in that country (viability study);
- Up to \$250,000 to consolidate the technology transfer (project support).

b) Canadian Project Preparation Facility (CPPF)

The CPPF is used mainly for pre-feasibility studies by consultants who hope to obtain contracts from the downstream full-fledged feasibility studies for capital projects in developing countries. Such projects are often funded by international financial institutions such as the World Bank and Asian Development Bank. Pre-feasibility studies may also identify future opportunities for other Canadian companies, in particular equipment suppliers.

For details on accessing CIDA/INC facilities, for projects in South-East Asia, contact Lance Bailey, (819) 997-0565, or Rick McTaggart, (819) 997-0562. Both are at the following address:

Industrial Cooperation Programme
Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec
K1A 0G4

B.4 CANADIAN COMMERCIAL CORPORATION (CCC)

The CCC is a federal crown corporation which may act as the prime contractor when foreign governments and international agencies wish to purchase goods and services from Canadian sources on a government-to-government basis.

In responding to such requests, CCC identifies Canadian sources, obtains bid opportunities for suppliers, and certifies their capability to perform. In addition to participating in negotiations, the Corporation follows through on contract management, inspection, acceptance, shipping, payment to suppliers and collection from customs. Its participation helps to reduce the complexity of export sales for Canadian firms and often

encourages foreign customers to purchase from smaller or less well-known suppliers, since buyers have the comfort of dealing on a government-to-government basis through CCC.

Further information is available by contacting the CCC at:

Canadian Commercial Corporation
50 O'Connor Street, 11th Floor
Ottawa, Ontario
K1A 0S6
Tel (613) 996-0034
Fax (613) 995-2121

PRIVATE SECTOR

ASEAN-Canada Business Council
c/o Canadian Chamber of Commerce
45 Metcalfe Street, Suite 1100
Ottawa, Ontario
K1P 5M4

Tel: (613) 298-4000

Asia Pacific Foundation of Canada
550 Canada Place, Suite 1000
Vancouver, British Columbia
V6C 0K1

Tel: (604) 694-1094

Canadian Exporters Association
88 Bank Street, Suite 200
Ottawa, Ontario
K1P 5P9

- 10 -

Tel: (613) 231-2111

USEFUL CONTACTS AND PUBLICATIONS

Canadian-Indo-ASEAN
World Trade Centre
60 Harbour Street
Toronto, Ontario
M5J 1A7

- Private Sector Contacts
- ASEAN Trade Contacts in Canada
- Bibliography of EAITC Publications
- ASEAN Market Studies

Tel: (416) 593-2000

Canadian Manufacturers' Association
One King Street, 14th Floor
Toronto, Ontario
M5X 1A4

Tel: (416) 363-7200

Trade Commission of Canada
Suite 1000
430 Ouellet Street West
Ottawa, Ontario
K1P 1A3

Tel: (613) 238-0000

PRIVATE SECTOR CONTACTS

ASEAN-Canada Business Council

c/o Canadian Chamber of Commerce
55 Metcalfe Street, Room 1160
Ottawa, Ontario
K1P 6N4

Tel: (613) 238-4000

Asia Pacific Foundation of Canada

999 Canada Place, Suite 666
Vancouver, British Columbia
V6C 3E1

Tel: (604) 684-5986

Canadian Exporters' Association

99 Bank Street, Suite 250
Ottawa, Ontario
K1P 6B9

Tel: (613) 238-8888

Canadian-Indonesian Business Council

World Trade Centre
60 Harbour Street
Toronto, Ontario
M5J 1B7

Tel: (416) 863-2006

Canadian Manufacturers' Association

One Yonge Street, 14th Floor
Toronto, Ontario
M5E 1J9

Tel: (416) 363-7261

Trade Facilitation Office

Suite 1012
400 Cumberland Street
Ottawa, Ontario
K1N 8X3

Tel: (613) 233-3925

ASEAN TRADE CONTACTS IN CANADA

Brunei

High Commission for Brunei
866 United Nations Plaza, Room 248
NEW YORK, New York
10017
USA

Tel: (212) 838-1600

Indonesia

Embassy of the Republic of Indonesia
287 MacLaren Street
Ottawa, Ontario
K2P 0L9

Tel: (613) 236-7403

Other Indonesian Offices:

Indonesian Consulate
425 University Avenue, 9th Floor
Toronto, Ontario
M5G 1T6

Tel: (416) 591-6461

Indonesian Consulate
1455 West Georgia Street, 2nd Floor
Vancouver, British Columbia
V6G 2T3

Tel: (604) 682-8855

Malaysia

High Commission for Malaysia
60 Boteler Street
Ottawa, Ontario
K1N 8Y7

Tel: (613) 237-5182-4

Other Malaysian Office:

Malaysian Consulate
34 King Street East, Suite 1201
Toronto, Ontario
M5C 1E5

Tel: (416) 869-3886-7

The Philippines

Embassy of the Philippines
130 Albert Street, Suite 606
Ottawa, Ontario
K1P 5G4

Tel: (613) 233-1121

Other Philippine Offices:

Philippines Consulate General
151 Bloor Street West, Suite 365
Toronto, Ontario
M5S 1T5

Tel: (416) 922-7181

Philippine Consulate General
301-308, 470 Granville Street
Vancouver, British Columbia
V6V 1V5

Tel: (604) 685-7645

Singapore

High Commission for the Republic of Singapore
Two United Nations Plaza, 25th Floor
NEW YORK, New York
10017
USA

Tel: (212) 826-0840-4

Other Singapore Offices:

Singapore Trade Development Representative
Standard Life Centre
121 King Street West, Suite 1000
Toronto, Ontario
M5H 3T9

Tel: (416) 363-8227

Trade Development Board
c/o United Overseas Bank
Park Place, Suite 880
666 Burrard Street
Vancouver, British Columbia
V6C 2X8

Tel: (604) 662-7055

Thailand

Office of Commercial Counsellor
Royal Thai Embassy
396 Cooper Street, Suite 310
Ottawa, Ontario
K2P 2H7

Tel: (613) 238-4002

Other Thai Office:

Thai Trade Centre
Department of Export Promotion
Ministry of Commerce
Royal Thai Government
Suite 105, 736 Granville Street
Vancouver, British Columbia
V6Z 1G3

Tel: (604) 687-6400

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Brunei

Agriculture/Fisheries and Food Industry
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Educational Services
Public Utilities
Telecommunications

Indonesia

Pulp and Paper
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Animal Feed
Canadian Food Products
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Forestry Sector
Communication Market

Malaysia

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Oil and Gas
Power Generation
Television/Broadcasting & Telecommunications
Aerospace Products and Services
Food and Food Products
Computer Products and Services
Security Products
Medical Equipment and Supplies

Philippines

Cable TV & Broadcast Equipment
Used Equipment
Mining Industry
Hospital Medical Equipment & Supplies
Importers/Agents/Distributors
Factory-Built Housing

Singapore

Consultancy Industry
Defense
Health Care Products
Oil & Gas
Port Industry
Public Utilities
Recreation & Leisure
Educational Services
Fashion & Jewellery
Aerospace Industry
Computer Industry
Construction Industry
Food Industry
Sports and Recreation
Telecommunications
Tourism Development Opportunities
Automotive Products

Thailand

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Pulp and Paper
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