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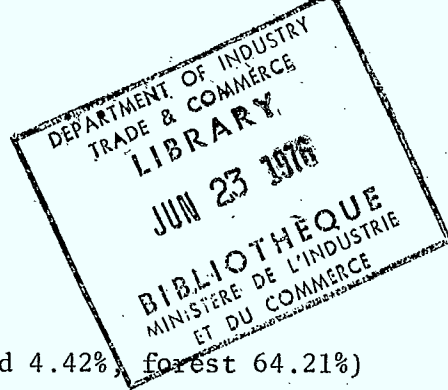
[Canada. Dept. of Industry, Trade and Commerce]



MARKET PROFILES

SOUTHEAST ASIA, HONG KONG AND KOREA

INDONESIA



MARKET INDICATORS:

Land Area: 19m sq. km. (cultivated 4.42%, forest 64.21%)
Islands: 13,667
Population: 130m (est). Major cities: Jakarta (5.5m);
Yogyakarta (2.5m); Surabaya (1.6m); Bandung (1.2m)
GNP: 1974 - \$US22.0 billion
Per capita income: \$US 178
Currency: The Rupiah is the unit of currency. \$1 = 415 rupiahs.

1. FOREIGN TRADE:

Exports - \$7,449 mn in 1974
Imports - \$3,754 mn in 1974

Principal Commodities Exported in 1974 were (\$mn): petroleum - \$5,181.6; rubber - \$487.4; timber - \$717.0; tin - \$169.9; coffee - \$98.1; palm oil - \$167.2; tea - \$43.2; pepper - \$26.8; tobacco - \$28.0.

Principal import commodities include textiles, cotton, fertilizers and machinery. Capital goods and raw material each account for over 40 per cent of imports, while consumer goods account for about 15 per cent.

Main Trading Partners in 1973 were (in \$mn): Exports: Japan-\$1,707.4 (53.2%); U.S.A. - \$465.4 (14.5%); Singapore - \$341.0 (10.6%); West Germany - \$118.7 (3.7%); Netherlands - \$100.9 (3.1%); Australia - \$54.9 (1.7%); Italy - \$38.6 (1.2%); Malaysia - \$34.3 (1.1%); U.K. - \$32.1 (1.0%); France \$16.9 (0.5%).

Imports: Japan - \$734.1 (31.3%); USA - \$442.4 (18.8%); West Germany - \$187.0 (8.0%); Singapore - \$134.4 (5.7%); U.K. - \$101.2 (4.3%); Australia - \$96.3 (4.1%); Netherlands - \$86.6 (3.7%); China - \$54.6 (2.3%); Hong Kong - \$52.9 (2.3%).

Indonesia's Trade Policy

Major points of Indonesia's trade policy include:

- purchase of imports from countries offering lowest prices
- emphasis on importing raw materials and capital goods
- disincentives for importing luxury goods
- protection of domestic industry without losing sight of consumer interests
- diversification of export markets and products
- upgrading quality of exports.

Indonesia is a member of GATT (General Agreement on Tariffs and Trade) and UNCTAD (United Nations Conference on Trade and Development).

2. TRADE WITH CANADA

Canada and Indonesia exchange MFN treatment through their mutual membership in the GATT. There is no separate bilateral trade treaty between the two countries. As of July 1, 1974, the tariff rates specified in the Canadian General Preference scheme for less developed countries were applied to imports from Indonesia.

Trade Balance (1975): Canadian exports to Indonesia (in thousands) - \$64,694. Canadian imports from Indonesia - \$14,266.

Canadian imports from Indonesia are concentrated in 5 commodities which amount to 98% of total imports. These are: tea (40%), natural rubber (27%), palm oil (25%), coffee (4%) and herbs and spices (2%).

Canadian exports to Indonesia encompass a wide variety of products. Wheat is the major commodity exported representing 13.5% of total exports in 1975. Newsprint, fertilizers, copper fabricated materials, motor vehicles, aircraft, forestry equipment and mining equipment are also important traditional exports.

3. MARKET POTENTIAL

An increasing number of Canadian companies are attracted by the large number of opportunities that the Indonesian market seems to hold for Canadian goods and services. At present, several Canadian suppliers are pursuing projects in the transportation sector (locomotives, tugboats, cargo vessels, aircraft), in heavy industrial machinery and equipment for the cement industry, mining, oil and gas, power generation and wood processing, food and refrigeration systems, chemicals, and electronics and telecommunications equipment. Significant opportunities exist as well for the sale of consulting services.

4. FINANCING

In a developing economy such as Indonesia, major opportunities for the sale of Canadian products tend to be in support of infrastructure development and foreign investment projects. Government and private development initiatives and a large foreign aid program (\$2 billion in 1975/76 mainly from World Bank, ADB and bilateral aid) contribute to a continuing high level of imports.

Canadian exporters should stand to benefit significantly from the recent establishment of a \$200 million line of credit for Indonesia. This credit facility consists of \$25 million from the Canadian International Development Agency (CIDA) and \$175 million from the Export Development Corporation (EDC) and Canadian chartered banks.

The five largest Canadian banks are active in servicing this area either through official local representation or from other centres both at home and abroad. The banks have taken part in syndicated loans to Indonesia. The Bank of Montreal, the Bank of Nova Scotia and the Toronto-Dominion Bank maintain representative offices in Jakarta.

Indonesia is a program country for CIDA. Aid activities are concentrated in five main sectors: regional development, transportation, natural resources, power and education. Canada is one of the top five donors to Indonesia, with a bilateral programme in excess of thirty million dollars per year.

5. INVESTMENT CLIMATE

Policies regarding foreign and domestic capital investment will be continued with a view to protecting domestic small-scale industries; acquiring capabilities and opportunities to ensure more dynamic national entrepreneurs; and increasing Indonesian participation in areas now dominated by foreign entrepreneurs.

Joint ventures with Indonesian partners have been compulsory since 1974. A definite timetable must be laid down for the transfer of at least 51 per cent of the equity to Indonesian ownership and since 1974 there has been a considerable tightening of rules requiring maximum employment of Indonesian nationals in foreign-owned projects. A number of tax, capital and tariff incentives are being offered to new investors.

6. ECONOMY

Since 1966, Indonesia's economic performance - under new fiscal, monetary, agricultural and industrial policies - has been impressive. During the First Five-Year Plan (Repelita I, which ended March 31, 1974), the government attempted with considerable success, to increase food production and the number of agriculture industries; repair the existing infrastructure; expand and diversify primary exports; and establish a stabilized economic environment conducive to increased domestic and foreign investment. The Second Five-Year Plan - Repelita II - provides for the establishment of a number of new industries (sugar, rubber, cement, chemicals, materials for packaging and building, metal fabrication, paper, pharmaceuticals, electric appliances, footwear and textiles) and for major expenditures to expand the grossly inadequate road and communications networks, water and electricity supplies. In Repelita II, special efforts are being made as well to expand the areas of social welfare, education and health.

PHILIPPINES

Land area: 299,673.67 sq. km. (cultivated 41%, forest 40%)
Islands: 7,107
Population: 41.2m. Major cities: Greater Manila 4.0m,
Davao 460 thousand, Cebu 380 thousand,
Iloilo 240 thousand.
GDP: 1974 - \$U.S. 9.4 billion
Per capita income: \$U.S. 235
Currency: The unit is the Peso (P). \$1 = 7.35P.

1. FOREIGN TRADE

Imports (1974) \$U.S. 3,435.6 (in millions)
Exports (1974) \$U.S. 2,671.0 (in millions)

Chief Imports: nonelectrical machinery, base metals, mineral fuels and lubricants, transport equipment, chemicals, electrical machinery, cotton and wheat.

Major Suppliers: Japan (32.5%), U.S.A. (28.2%), Saudi Arabia (8.6%), West Germany (4.8%), U.K. (4.4%), Australia (4.2%).

Chief Exports: logs and lumber, sugar, copper ore, copra, coconut oil, plywood, canned pineapple, and abaca.

Principal markets: Japan (36.7%), U.S.A. (36.5%), Netherlands (4.9%), West Germany (3.5%), Taiwan (2.4%), U.K. (1.9%).

2. TRADE WITH CANADA

Canada-Philippine trade relations are governed by the 1972 bilateral Trade Agreement, which exchanges MFN treatment and, as of July 1, 1974, certain products from the Philippines enjoy preferential access to Canada under the Generalized System of Preferences. The Philippines has provisionally acceded to the GATT.

Trade Trends - 1975: Canadian exports (in thousands) \$57,303
Canadian imports (in thousands) 22,429

Chief exports: wheat, newsprint paper, trucks and automobiles with parts and accessories, telephone apparatus equipment and parts, mining quarrying machinery and woodland log handling equipment.

Chief imports: fruits and fruit preparations, coconut, vegetable oils and fats, outerwear, apparel and accessories, metal ores, furniture and fixtures, kitchen utensils, cutlery and tableware.

3. TRADE PROSPECTS

The following are the product categories, which currently are believed to have the highest potential for increased Canadian sales in the Philippines: heavy duty construction, earthmoving, mining and mineral processing equipment; power generation, transmission and distribution equipment; logging, forestry and wood processing equipment; communication equipment and systems; ports

and materials handling equipment; refrigeration, food processing and packaging equipment; aviation, electronics and instrumentation; education and health care equipment; and transportation systems.

4. TRADE POLICY

The Philippines seeks to diversify trading base, protect domestic industries, and conserve foreign exchange. Many consumer goods imports are temporarily banned. Protective tariffs exist on products which can be locally manufactured.

5. FINANCING

Multilateral - The World Bank has to date approved 33 loans and development credits to the Philippines amounting to some \$798.1 million US dollars. The Asia Development Bank has approved loans to the Philippines to a value of \$349.4 million US dollars.

Canadian Development Assistance - The Philippines is an eligible non-programme country for CIDA development assistance.- that is, CIDA may from time to time take on a large project but otherwise no more than \$200,000 per year is to be disbursed in the country. At the moment, CIDA is involved in one large project - the Cagayan Valley Project for cooperative farm management. CIDA is investigating new forms of cooperation with the Philippines. Canada is a member of the World Bank Consultative Group on the Philippines.

Banks - All of the largest five Canadian banks are active in servicing this area either through official local representation or from other centres both at home and abroad. The Bank of Nova Scotia and the Royal Bank have representative offices, through affiliation with local banks.

Export Development Corporation - The EDC has considerable exposure in the Philippines in the form of foreign investment insurance, export credit insurance and loans.

6. INVESTMENT

The Investment Incentives, Foreign Business Regulations and Export Incentives Acts - the three major laws affecting foreign business operations in the Philippines - have recently been liberalized to allow foreign investments in every sector of the national economy.

Foreign investment is allowed in any enterprise that is 60 per cent owned and controlled by Filipinos. Exempt from this requirement are foreign firms engaged in a pioneer enterprise with the condition that the enterprise eventually come under control of nationals. Indications are that the Government may reduce foreign ownership in natural resource sectors from 40 to 30 per cent. A number of tax, capital and tariff incentives are being offered to new investors.

7. ECONOMY

The economy is still largely agricultural but industrialization is taking place at a moderate pace. A 7% growth rate is being forecasted for 1976/77. Agriculture contributes approximately 25% to GNP. Rice and corn are the main cash crops. Copra, logs, sugar, coconut oil are the principal export crops. Rice and corn production is increasing, but productivity is lagging behind some other Asian nations in most crops. Manufacturing is expanding moderately and in 1975 contributed approximately 18% to GNP. It consists mainly of finishing operations and light industries. Commerce contributed 13% to GNP in 1975. Retail trade is limited to wholly-owned Philippine firms.

The current 4-year plan (1973-1976) seeks to achieve food self-sufficiency, develop infrastructure, and promote basic, import-substituting, and export industries.

MALAYSIA

Area: Peninsular Malaysia - 50,700 square miles
East Malaysia - 77,730 square miles
(comprising Sarawak - 48,342 square miles
and Sabah - 29,388 square miles in northern
Borneo and is separated from Peninsular
Malaysia by several hundred miles of open
sea.

Population: Total Population: 11.7 million
Peninsular Malaysia: 9.9 million
Eastern Malaysia: 1.8 million
Ethnic Composition: 55 percent Malay
34 percent Chinese
9 percent Indian

GNP (Per Capita): U.S. \$7,840 million (U.S. \$650)

Currency: The ringgit or dollar is the unit of currency.
\$1 Malaysian equals 38 cents (Canadian)

1. FOREIGN TRADE

Exports

Total: \$3,545.8 million in 1975

Major Products: rubber products, vegetable oils, forest
products, tin

Major Markets: Singapore, Western Europe, United States,
Japan

Imports

Total: \$3,705.2 million in 1975 (estimate only)

Major Products: consumption goods, machinery and equipment,
intermediate goods for manufacturing

Major Suppliers: Japan, Western Europe, United States,
United Kingdom

2. TRADE WITH CANADA

Canadian Exports

Total: \$24.0 million

Major Products: newsprint paper, aluminum, asbestos, sheet
and strip steel, aircraft assemblies equipment and parts

Canadian Imports

Total: \$56.7 million

Major Products: tin, crude natural rubber, palm oil,
integrated circuits

3. TRADE PROSPECTS

The Malaysian economy is fundamentally sound with a good resource base and a relatively stable political climate. The most favourable opportunities for Canadian exports to Malaysia appear to be in sales of capital goods and technology both for the expanding industrial sector and for improvements and extensions to the infrastructure on which great emphasis is being placed in Malaysia's development strategy.

Opportunities exist for sales of goods and services related to all aspects of an expanding petroleum industry, i.e. exploration, production and refining. A market exists for land clearance equipment as Malaysia attempts to improve agricultural production through increased acreage. Planned improvements in the Malaysian transportation system will require road building equipment, containerization and cargo handling equipment, as well as port development. As Malaysian industry moves towards greater processing of domestically produced resources, timber and food processing equipment will be in greater demand. Business machines, equipment and systems should also be in greater demand as the result of greater sophistication of the business community.

4. TRADE POLICY

Malaysia has long advocated progressive liberalization of world trade and has generally supported tariff reduction proposals. It is a member of the GATT.

With the exception of a few Commonwealth preferences which are being phased out, the Malaysian tariff is non-discriminatory, that is, imports from all sources are subject to the same tariff rates. Comparatively few items are subject to duties of more than 40 percent and machinery imported for the establishment of new industries or which is essential for the expansion of existing industries is often admitted duty free.

5. INVESTMENT CLIMATE AND OPPORTUNITIES

In April 1975, the Government passed the Industrial Co-ordination Act (ICA). The Act requires most existing manufacturing firms to apply for a licence (a one time application will cover all firms with more than 25 employees or shareholder funds of more than C\$40,000). Once granted the licence will remain valid unless revoked by the Minister of Trade and Industry.

Having applied for the licence, the firm is deemed to be in compliance with the terms of the act and may continue operations during subsequent negotiations of final conditions. The Federal Industrial Development Authority (FIDA), the organizational part of the Ministry of Trade and Industry, charged with promoting and to an extent regulating investment in Malaysia, will be responsible for the negotiations of conditions with the companies.

In order to attract industry to Malaysia, the Government has formalized a number of incentives available to foreign and local investors:

- pioneer status;
- special incentives for export-oriented industries;
- labour utilization relief;
- investment tax credit;
- locational incentives;
- special incentives applicable to the hotel industry.

Canada and Malaysia have initialled a double taxation agreement.

6. ECONOMY

Malaysia is an export-oriented economy based largely on primary production. Per capita income, at about SDR 560, places the country in the upper range among developing countries. Malaysia's exports are equivalent to about half of GNP, and in 1974 more than 80 percent consisted of primary commodities; natural rubber accounted for 28 percent of total exports; timber 15 percent, tin for 15 percent, palm oil for 12 percent, and petroleum for 7 percent.

During 1975 the economy achieved a positive rate of real growth of 2.5 percent. The Government has introduced an expansionary budget for 1976 designed to hasten economic recovery, promote economic growth and encourage employment. It is estimated that the gross domestic product in real terms would expand by 6 percent.

Balance of Payments

The overall balance of payments reversed from a position of deficit in the first two quarters to a surplus of \$150 million in the third quarter, as a result of the improved performance of the export sector.

Agriculture

Malaysia is the world's leading producer of natural rubber accounting for 35 percent of the world's total output. Palm oil has grown rapidly in significance in recent years. In turning to the subsistence sector, rice is the principal product. Timber has become one of Malaysia's biggest and most rapidly growing economic sectors.

Mining

Tin predominates among Malaysia's minerals, and Malaysia is the world's largest tin producer.

Power

The present focus is on the emerging oil industry. Domestic production of crude oil for 1975 reached 32.6 million barrels, a 10 percent increase over 1974 production.

THAILAND

Area: 198,457 square miles
Population: 40.8 million
GNP: \$13.5 million
Currency: The Thai unit of currency is the baht
which is divided into 100 satang.
One baht is equivalent to .0482 Cdn.

1. FOREIGN TRADE

Total Trade: \$5.0 billion (estimated 1975)

Exports

Total: 2.1 billion (estimated 1975)

Major Markets: Indonesia, United States, Netherlands,
Singapore, Hong Kong.

Major Products: rice, rubber, tin, metal, maize,
renaf and jute, teak and other
woods, tapioca products.

Imports

Total: \$2.9 billion (estimated 1975)

Major Markets: Japan, United States, Germany,
Federal Republic, United Kingdom.

Major Products: Machinery, manufactured goods,
chemicals, oils, mineral fuels, and
lubricants, crude materials, food.

Major Supplies: Japan, United States, Germany,
Federal Republic, United Kingdom,
Malaysia.

2. TRADE WITH CANADA

Canadian Exports: \$22.3 million (1975)

Major Products: aluminum, newsprint paper, plate,
steel, contractors equipment and
tools, files and rasps, construction
machinery and equipment.

2.

Canadian Imports: \$56.7 million (1975)

Major Products: pineapple canned, lumber, gem and
ornamental stones, sodium glutamate,
denim cotton.

3. TRADE PROSPECTS

Thailand begins its new five year planning period in late 1976 and while the new government has yet to attach its priorities to the plan outline, it appears that ambitious targets will be set, including a 7 per cent GDP average for the five years and expansion in the industrial sector, with particular attention to the agro-based industries, plus improvements in yields of Thailand's major crops, plus further crop diversification. Project expenditures during the five year period are estimated at \$9 billion, with \$3 billion to be supplied by multilateral agencies. The next five years should hold promising opportunities for Canadian exporters in the following sectors: electrical; transportation equipment, (airport, port development, marine, land transportation projects); machinery (forestry, agro-based industry, grain handling and storage, fisheries, mining equipment); consulting services (irrigation, rural development and livestock sectors, ports, urban planning, and industrial estate expertise).

4. TRADE POLICY

Thailand has announced its intention to apply for contractual party status in the GATT. Thailand receives preferential treatment under the GPS. As well, Canada and Thailand exchange MFN treatment under a 1969 Commercial Modus Vivendi.

5. INVESTMENT CLIMATE AND OPPORTUNITIES

Due to the political situation direct investment in Thailand, both by foreign and domestic entrepreneurs has come to a standstill. The new coalition government has announced steps to be taken to facilitate the flow of investment from both domestic and foreign sources. The first half of 1977 should see an upsurge in employment generating investment.

6. ECONOMY

Thailand with its agricultural based economy has emerged from the world wide recession of 1974 with a 6.2 per cent GDP growth rate in 1975. Elections held in early 1976 resulted in a strong Coalition Government, and it is felt that the new Government can contribute to a stable domestic political environment thus creating opportunities for further economic growth and expansion.

Balance of Payments

Thailand incurred its largest ever trade deficit (approx. \$750 million) a 12 per cent increase over the previous year. Short term capital inflows continued during the year and at year-end, Thailand maintained a strong balance of payments position, with foreign exchange reserves of \$1.9 billion, a debt service ratio of less than 15 per cent and a good credit rating for medium term government borrowing as reflected in Thailand's first borrowing in the medium term Eurodollar market in April 1976.

Agriculture:

is still by far the most important sector of the economy. Its importance, however, has been on a relative decline as progress in the form of industrial development is being achieved. In 1974 agriculture contributed to about 29 per cent of the GNP. Rice has been the mainstay of the Thai economy. However, with agricultural diversification it has become less important, although it is still the country's largest export earner. Maize and rubber follow as important export crops.

Mining and Industry

Tin, the most important mineral, is Thailand's fourth largest foreign exchange earner. Manufacturing including the construction industry has become increasingly important to Thailand. In manufacturing, Thailand is self-sufficient in cement, refined sugar and refined petroleum products.

SINGAPORE

Area: 224 square miles comprising the Island of Singapore and some 54 small islands within its territorial waters.

Population: 2.2 million (estimated 1974)
Comprising 76 percent Chinese, 15 percent Malay, 7 percent Indian and Eurasian. About half the population is under 21.

GNP: \$5.5 billion (per capita \$2,430)

Currency: The Singapore dollar equals Canadian \$0.40

1. FOREIGN TRADE

Total External Trade: \$13.1 billion (1975)

Total Exports: \$5.2 billion in 1975

Major Markets: Japan, Malaysia, the United States, and The European Community

Major Products: fuels, machinery, crude materials, fabricated items, chemicals

Total Imports: \$7.9 billion (1975)

Major Markets: Western Europe, the United States, Japan

Major Products: machinery, fuels, fabricated items, crude materials, food and live animals

2. TRADE WITH CANADA

Canadian Exports

Total: \$35.6 million (1975)

Major Products: newsprint paper, ships and boats, zinc, potassium chloride, aircraft engines and parts

Canadian Imports

Total: \$46.7 million (1975)

Major Products: crude natural rubber, calculating machines and parts, TV and radio receiving sets, rubber allied gums

3. TRADE PROSPECTS

The most promising areas for expansion of Canadian exports are in the fields of electronics, machinery for secondary industries, and electrical distribution products. Opportunities exist for Canadian suppliers of the following products: poultry parts, smoked and frozen salmon,

processed food, pulses, metals, newsprint and other papers, special chemical products, biological pharmaceuticals, medical equipment, oil field and offshore rig equipment, bus, taxi and auto parts and repair tools, and marine equipment.

4. TRADE POLICY

Most imports are duty-free into Singapore, but a few items are dutiable and on these Canada receives preferential treatment. Singapore also receives preferential treatment under the General Preference Scheme and the Commonwealth preferences.

5. INVESTMENT CLIMATE AND OPPORTUNITIES

Foreign investment is the key which has made Singapore's growth possible. In 1974, \$375 million was invested from abroad. In 1975, approximately \$138 million was expected in foreign investments. In the middle of 1975, total fixed foreign assets stood at about \$1.5 billion. Singapore is particularly interested in multinational concerns that bring advanced technology and access to world markets. There are no restrictions on portfolio or direct investments by foreigners, nor on their purchases of commercial and industrial land. Singapore is a major financial centre in Southeast Asia.

6. ECONOMY

Singapore's prosperity has been built on entrepôt trade, with the Port of Singapore, one of the largest in the world in terms of annual tonnage, as the keystone of the economy. Singapore is the major ship and oil rig repairing and building centre for the region. As well, exchange earnings are derived from exports of manufactured and refined petroleum products, technical services (including finance and transportation) and tourism.

Singapore's economy has performed better than most other industrial economies during the world recession. This is partly due to the fact that no single sector dominates the economy. There are three main pillars to the Singapore economy: manufacturing, which absorbs more than 25% of

the labour force; foreign trade, because of its 29.2% share of GDP at factor cost (constant 1968 prices) in 1974; the transport, storage, communications sector because of its contribution to the balance of payments and to employment.

Balance of Payments

Overall balance of payments surplus of \$397 million and total reserves of approximately \$3 billion.

Industry

The main industry by value of output is petroleum refining which in 1974 accounted for more than 40 percent of all manufacturing and 30 percent of total exports. In terms of capacity, Singapore is the third largest refining centre in the world. The next most important industries in value are electrical and electronic equipment and appliances and shipbuilding and repairing. Together these three employ 38 percent of all those engaged in manufacturing.

Other major sectors of the economy are sawmilling, food manufacturing, basic metal products, apparel and textiles, non-electrical machinery and printing and publishing.

Industrial Development

Singapore's long-term strategy is to supply neighbouring countries with goods and services that they are not yet able to provide for themselves. The intention is to develop Singapore into a regional centre for brain services and skill intensive industries. This policy has been defined with precision and backed with supporting development and, where necessary, legislation.

Agriculture and Fishing

Singapore is self-sufficient in pork and poultry. Some market gardening is done and experiments in hydroponic vegetable production are being conducted. About one-third of Singapore's consumption of fresh fish is produced locally. In all, only 2.6 percent of the labour force is engaged in these activities and Singapore must import the bulk of its food.

Tourism

More than one million people visited Singapore in 1974, three quarters of them for pleasure, and during the first seven months of 1975 the influx of tourists increased. Occupancy is still low in most hotels so there is plenty of room for further expansion.

Transportation and Telecommunications

The Port of Singapore is now the fourth busiest in the world: in 1974 it handled 60.4 million tons of freight and cleared more than 39,000 ships. That year, 292 container ships called at the modern container terminal and more than 153,000 containers were handled. The port is known for its fast turnaround and offers a wide range of services.

Singapore Airport and subsidiary fields serviced 3.6 million passengers and 29,000 tons of airfreight during 1974, increases of 9 and 40 percent respectively. Every week 524 scheduled flights arrive and depart. Plans are now being implemented to develop a new airport to serve the expected increase in traffic to and from major centres all over the world.

BRUNEI

Area: 2,226 square miles
British-protected Sultanate

Population: (1973 est.) 145,170 comprising
65 percent Malays
23 percent Chinese
7 percent indigenous
5 percent others

Capital: Bandar Seri Begawan

Currency: \$1 Brunei equals \$0.3967 Canadian (May 14, 1976)

1. FOREIGN TRADE

Total: \$466.1 million

Total Exports: \$338.0 million

Major Markets: Japan, Sarawak, Taiwan and the Philippines

Total Imports: \$128.1 million

Major Suppliers: United States, Singapore, Japan, United Kingdom

Major Products: machinery, transport equipment, food, manufactured goods

2. TRADE PROSPECTS

Because of the oil revenue the country is prosperous and in 1973 Brunei achieved a balance of trade surplus of \$209.9 million. The need to diversify the economy is recognized in the Government's Five Year Development Plan 1976-79, published in February 1975. The Government plans to invest about \$198.4 million in projects aimed at acceleration of development in a number of sectors for example, agriculture, forestry, fisheries and manufacturing industries and wishes to see the participation of the private sector, both local and foreign, in this development. There is a certain amount of small industry, e.g. sawmill, brick and tile factories, motor repair yards, small boat building yards and a large number of competent building contracting firms. The limiting factor for the businessman is the small size of the country and its population, whose demand for most consumer goods, durable and otherwise, is restricted.

3. ECONOMY

Per capita GNP for 1975 (est.) is \$670.42. The rapid growth of an urban and industrial economy, based on the exploitation of oil and gas resources, has led to a decline in agricultural production and the depletion of the agricultural labour force. Completion of infrastructure financed from oil revenue includes an airport opened in 1974, and a \$12.7 million port at Muara capable of handling 150,000 d.w.t. vessels.

4. ADMINISTRATION AND POLITICAL STRUCTURE

Brunei is a self-governing sultanate, governed by five councils. Under a 1971 treaty signed with Britain, though continuing to assume responsibility for external affairs, Britain will only advise on defence, leaving the Sultan in control of all defence matters.

Agriculture

Brunei is largely dependent upon imports for approximately 80% of its food requirements, including cereal and rice. Much potential agricultural land lies undeveloped. Rice, cereals, livestock feeds, which together account for two-thirds of imports, is a priority area for development. Coffee, coconuts, cocoa, sugar, tobacco and fruit and vegetable production will also be stressed.

Oil and Natural Gas

Brunei is one of the largest oil producers in the Commonwealth. The Brunei Shell Petroleum Company was the sole company operating in the country in 1973 with production of approximately 240,000 barrels per day. The bulk of the oil is refined in Sarawak. Shell has discovered new offshore oil 70 miles north of the oilfields around Seria and Kuala Belait. U.S. oil companies are drilling over an area of 700 square miles offshore and onshore between Bandar Seri Begawan and Seria. A logistic support base for offshore oil drilling operations is to be built near the port at Muara. Production of natural gas in 1970 totalled 135.93 million cubic feet. The natural gas liquefaction plant at Lumut, the largest in the world, is now complete. The plant is designed to produce, at its full capacity, about four million tons of liquid gas a year.

Note: Brunei is under the responsibility of our post in Singapore.

HONG KONG

Area: 403 sq. miles
Population: 4.4 million (est. 1975)
GDP: \$7.2 billion (est. 1975)
Currency: \$1 Hong Kong = \$.2000 Canadian (April 1976)

1. FOREIGN TRADE, 1975

Exports: \$4.6 billion

Re-exports: \$1.4 billion

Major Markets: U.S.A. (32%), Germany (12.5%), U.K. (12.2%), Australia (4.5%), Japan (4.2%)

Major Products: clothing (45%), textiles (9%), plastic toys and dolls (5.6%), transistor radios (5.4%)

Imports: \$6.7 billion

Major Suppliers: Japan (21%), China (20%), U.S.A. (12%), Taiwan (6%), Singapore (6%), U.K. (5%)

Major Products: textile yarns and fabrics (14%), machinery and appliances (17%), foodstuffs (18%), chemicals (7%), fuels (6%)

2. TRADE WITH CANADA, 1975

Canadian Exports: \$41.9 million

Major Products: aluminum (\$10.3 million), foodstuffs (\$8.3 million), newsprint (\$5.1 million), office machines (\$1.9 million), zinc (\$1.2 million), writing paper (\$1.0 million)

Canadian Imports: \$170.8 million

Major Products: apparel, toys and parts, radios, calculating machines

3. TRADE PROSPECTS

After two years of virtual economic stagnation, Hong Kong now seems well on the way to a speedy recovery. Imports rose nearly 40% in the first quarter of 1976 compared with the same period last year. A surge in construction starts should stimulate demand for Canadian industrial materials and the increased rate of economic activity will likely produce new opportunities across the range of Canadian exports to Hong Kong.

4. TRADE POLICY

Canada and Hong Kong exchange Most-Favoured-Nation treatment. In addition, Hong Kong gives Canada British Preferential treatment on tobacco products and alcoholic beverages while Canada extends to Hong Kong General Preferential treatment for a range of manufactured goods. Apart from relatively few items, Hong Kong is a free port.

5. INVESTMENT CLIMATE AND OPPORTUNITIES

The level of overseas investment in Hong Kong industry was estimated at approximately \$340 million at the end of 1975, a 15% increase from the end of 1974. The United States accounts for some 45% of this total with Japan and the U.K. comprising a further 40%. Hong Kong's political/economic structure remains stable and with its low taxation (17% maximum), minimal foreign exchange restrictions, skilled, hard-working labour force, central location, excellent harbour and communications facilities and well-developed industrial infrastructure, Hong Kong continues to be an attractive investment centre.

6. ECONOMY

Possessing almost no natural resources apart from its superb harbour and industrious population, Hong Kong's economy was created and has flourished on the basis of free market principles and an aggressive pursuit of trade. Hong Kong enjoyed a rapid rate of economic expansion until 1974 when the effects of recession in most of the colony's major markets began to take hold. This situation prevailed until the third quarter of 1975 when recovery among Hong Kong's trading partners concomitantly stimulated the demand for the colony's products.

Eighty percent of Hong Kong's output is exported. The major export industries are garments and textiles -- Hong Kong is now the world's largest exporter of garments -- plastics, consumer electronics and watches. In addition to vastly improved prospects for these industries in 1976, Hong Kong will probably also enjoy increased construction activity and tourist arrivals (the colony's second largest foreign exchange earner). These expansionary trends will be reinforced by increased Government spending and substantial liquidity.

KOREA

Area: 37,423 sq. miles
Population: 35 million
GNP: \$19 billion (\$540 per capita)
Currency: 1 Won = \$0.0021 Cdn.; \$1 Cdn. = Won 476 (May, 1976)

1. FOREIGN TRADE

Exports

Total: \$4.99 billion (1975)

Major Markets: U.S.A., Japan, Germany, Canada

Major Products: apparel and textiles, electronics, footwear, plywood

Imports

Total: \$7.2 billion (1975)

Major Suppliers: Japan, U.S.A., Saudi Arabia, Kuwait, Germany

Major Products: petroleum, machinery, wood, wheat, chemicals

2. TRADE WITH CANADA

Canadian Exports

Total: \$79.2 million (1975)

Major Products: wood pulp, potash, telecoms and components, cattle hides

Canadian Imports

Total: \$166.2 million (1975)

Major Products: apparel, plywood, footwear, mushrooms

3. TRADE PROSPECTS

Korea is rapidly industrializing and as a result market for raw materials and semi-finished products (coal, potash, sulphur, scrap, pulp) will continue to expand. Supply of capital goods depends upon providing financing or winning multilaterally financed contracts. The following sectors also show promise: construction equipment, electronics equipment and components, communication equipment, laboratory instrumentation, hospital equipment, dairy cattle, raw hides and beef tallow.

4. TRADE POLICY

Stringent program of import restraint regulated by a semi-annual program. Some goods fall into automatic approval category; others in restricted category requiring approval of respective ministries, or prohibited.

Canada and Korea accord each other Most-Favoured-Nation treatment under the bilateral trade agreement of December 20, 1966 and the joint commitment as Contracting Parties to the GATT.

5. INVESTMENT CLIMATE AND OPPORTUNITIES

Japan is the major investor, followed by the U.S.A. Korea is actively seeking more private investment from more countries. Investment laws permit 100% foreign ownership; however, most investors enter joint ventures. Priority is given to heavy industrial sector and export-oriented projects. Special incentives available for investors locating in export processing zones.

6. ECONOMY

Korea's real GNP grew at average rate in excess of 10% from 1963 to 1973. Despite combined effect of oil crisis and subsequent international recession, Korean economy averaged annual real growth of 8% in 1974 and 1975.

Balance of Payments: Chronic deficit, however with growth of Korean economy debt service ratio is decreasing.

Agriculture: 45% by population, 25% by GNP. Food grains production in 1974 totalled 7.3 million tons, 70% of domestic requirements. Livestock industry being developed. Has recently emerged as one of the world's leading ocean fishing nations.

Industry: High priority placed on large-scale import substitution industries and export-oriented. Main industries are still labour intensive (textiles, electronics), but trend toward higher technology areas (steel, shipbuilding, chemicals). Cement industry exports large quantities. Korea is world's largest exporter of plywood. Industrial and Free Trade Zones being developed successfully.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 through a joint declaration signed in Bangkok by Ministers from Indonesia, the Philippines, Singapore, Malaysia and Thailand. The joint declaration committed these countries to cooperate to accelerate their economic growth, social progress and cultural development and to promote regional peace and stability. In 1971, the ASEAN Foreign Ministers signed a Declaration in Kuala Lumpur expressing their determination to try to secure recognition of and respect for Southeast Asia as a zone of peace, freedom and neutrality.

Following the Communist victories in Indo-China, an increased emphasis has been placed on ASEAN by the countries in the area as a force for stabilization and development. In late February of this year, the Heads of Government of the five countries met for the first time since ASEAN's inception. The summit was the first substantive step towards genuine cooperation among ASEAN members, particularly in economic matters. As a result of the summit and a subsequent meeting in March of ASEAN Economic and Planning Ministers, the following initiatives were agreed upon:

- (a) Commitment to industrial cooperation in the establishment of large-scale ASEAN industrial plants.

- e.g. urea - Indonesia
 - superphosphates - Philippines
 - diesel engines - Singapore
 - potash - Thailand

Newsprint, rubber, petrochemicals, steel and soda ash are also among the list of products for future economic cooperation.

Canada regards ASEAN as an important regional organization and supports its objectives. In March 1975, the Secretary of State for External Affairs made an offer of development assistance to the Association which was accepted. CIDA is currently considering projects in the areas of regional civil aviation and satellite communication. These are two areas where Canadian industrial inputs would be significant.

The five principal Southeast Asian markets are rapidly emerging as a significant and growing market for a cross-section of Canadian products. Total annual imports to the region, which has a combined population of over 200 million, exceeded \$23 billion. Canada's exports to the region in 1975 were \$202.3 million, a doubling over 1973 exports.

ASIAN DEVELOPMENT BANK

The Asian Development Bank is an international development finance institution established in 1966 for the purpose of lending funds, promoting investment and providing technical assistance to developing member countries and generally for fostering economic growth and cooperation in the Asian region.

Headquartered in Manila, the ASDB has 41 member countries, with 26 being regional members and holding approximately 62% of the Bank's subscribed capital. The non-regional members are Belgium, Canada, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom and the United States of America.

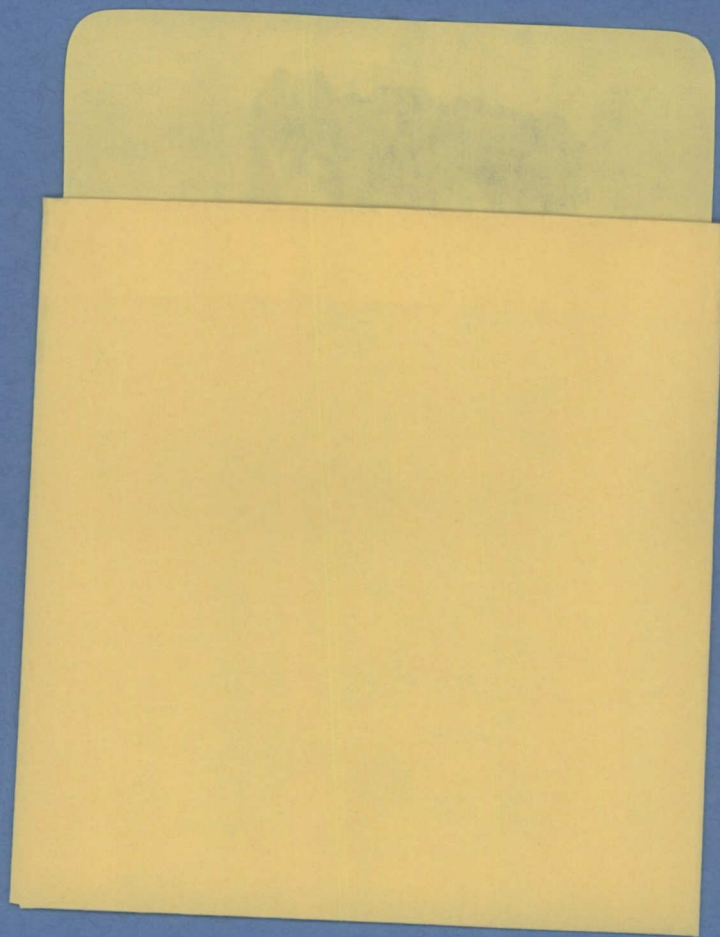
Canada currently shares a Board of Directors seat, on a rotating basis, with Denmark, Finland, the Netherlands, Norway and Sweden. The Executive Director will be a Canadian until mid-1977 and the Alternate Director will be Dutch. Following recent increased Canadian subscriptions to the Bank's capital stock, Canada is now the second largest non-regional stockholder. In addition to capital stock, Canada recently increased its contribution to the Asian Development Fund by close to \$80 million. As a result of Canada's enhanced profile in the Bank, procurement in Canada is expected to increase if Canadian firms actively bid for contracts. Cumulative procurement of equipment and services in Canada totalled \$56.2 million in 1975 with \$37 million worth of contracts signed in 1975 alone. Equipment contracts include those for boilers, pipe, microwave units and sawmill machinery, while consulting services contracts include those for roads, power and energy potential and regional planning. Increased expenditures by the Bank offer considerable opportunities for qualified interested Canadian firms.

In preparing and carrying out projects to be financed by the Bank, the ASDB and its borrowers utilize the services of consulting firms from member countries, and supplies and equipment provided by industrial firms in member countries. Consultants are hired by the industrial firms in member countries. Consultants are also hired by the Bank to participate both in its technical assistance operations, as well as to assist in the Bank's project preparation fact finding and appraisal missions (the latter usually on an individual consultant basis). Consultants are also chosen by the borrowers' executing agencies for work directly on the loan projects themselves.

Equipment suppliers and contractors deal on a formal basis only with the borrowers, providing goods and services for use in the loan projects themselves. Goods and services are acquired on an internationally competitive basis. Thus virtually all contracts are open to full international competition amongst firms from all the Bank's member governments. An exception occurs in the case of contracting for goods and services to be financed out of the Bank's Special Funds. In these cases, competition is generally limited to firms from countries which have contributed to the Special Funds.

As of December 31, 1975, the Asian Development Bank has sanctioned a total of \$2,584 million on loans for 229 projects in 21 countries. The largest number of projects have been in the Public Utilities Sector where there have been 72 projects primarily for electric power and water supply, amounting to 35% of the lending to date. There have been 49 projects for transport and communication for 19% of the lending. Agriculture and agro-industry together account for 64 projects or 23% of the lending value while industry, which is financed primarily through loans to local development banks, accounts for 40 projects or 22% of the dollar lending.

In 1975 loan approvals by major sectors were agriculture 37.23%; development banks and industry 19.46%; public utilities (power and water supply) 28.76%; transportation 12.35% and education 2.2%. Major recipients were the Philippines (\$106 M), Korea (\$101.5 M), Pakistan (\$97 M) and Indonesia (\$78.25 M).



INDUSTRY CANADA/INDUSTRIE CANADA



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