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SUMMER 2002 | \$3.95

SINGAPORE REPORT
JEWEL OF NEW ASIA

RESIDENCY REVISED

- **CCRA'S INTERPRETATION BULLETIN IT-221R3**
- **DOES CANADIAN CITIZENSHIP = TAXATION?**

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SINGAPORE SKYSCRAPERS IN TWILIGHT JUNE 2001

CRA magazine

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Singapore Report

5 Singapore stars as the "Jewel of New Asia" in this four-part look at one of the world's most fascinating and energetic cities. Louisa Nedkov begins the series by giving her usual captivating cultural briefing (5), setting the stage for a tourist's comprehensive guide on to what to do when you get there (14). Clinton Cheng describes the opportunities and connections for Canadian business in Singapore (18), while Ian Deakin tells the success story of a Canadian school far from home shores (26).

CCRA's Interpretation Bulletin IT-221R3

19 CCRA has published its revised Interpretation Bulletin IT-221R3. Tony Schweitzer and Graham Turner outline the current views of CCRA relating to the determination of residency, pointing out that CCRA's approach appears to elevate the status of certain secondary ties in determining residency. The unanswered question is how many and which secondary ties will cause an individual to be resident of Canada for tax purposes?

Does Canadian Citizenship = Taxation?

20 CCRA's recently revised IT-221R3 bulletin and NR73 (01) questionnaire (used to make a determination of residency) both suggest that Canada may have started to tax Canadians on the basis of citizenship. In his commentary Garry Duncan states that these revisions create enormous concerns, not only for the hopeful future-expat, but also for those who have already severed their ties.

The Maple Leaf Card for Immigrants to Canada

22 Under Canada's new Immigration and Refugee Protection Act, physical residency requirements are less onerous, making travel outside Canada easier for "permanent residents" (formerly "landed immigrants"). As well, a new identification document - the "Maple Leaf Card" - has been introduced. Stephen Green explores the ramifications.

ADVERTISING: Elefant Enterprise Communications Inc.TM (EECI), 2 Bloor Street West, Suite 100, Toronto, Ontario, Canada M4W 3E2
Telephone: 416.461.8355 Fax: 416.465.7832 E-mail: advertising@canadiansresidentabroad.com

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CIRCULATION: *CRA magazine* is written for 8,800 current, prospective and past Canadian expatriates who subscribed to the earlier version of *CRA magazine* (CRA UPDATE) or have demonstrated an interest in investment, tax and customs matters, financial planning, insurance, health care, overseas employment, real estate, and travel/vacation information. The current circulation is in the first phase of being audited by the CCAB.



CRA magazine

Volume 3, Issue 2 • Summer 2002

CANADIANS RESIDENT ABROAD INC.

305 Lakeshore Rd. E., Oakville, Ontario, Canada L6J 1J3
Telephone: 905.842.0080 Fax: 905.842.9814

E-mail: cra@canadiansresidentabroad.com
www.canadiansresidentabroad.com

Subscription services: Via postal address,
e-mail address and Web site.



CRA magazine is published four times annually by
Canadians Resident Abroad Inc. (CRA) and Elefant
Enterprise Communications Inc.™ (EECI).

Editorial and Advertising

EECI, 2 Bloor St. W. Suite 100,
Toronto, Ontario, Canada M4W 3E2
Telephone: 416.461.8355 Fax: 416.465.7832
E-mail: fmoody@canadiansresidentabroad.com
E-mail: jreid@canadiansresidentabroad.com

Editor and Publisher

Elizabeth Peck
epeck@canadiansresidentabroad.com

CRA Magazine Editorial Board

Garry R. Duncan
Tax Partner, BDO Dunwoody LLP
gdduncan@bdo.ca

Creative Director

Greg Shanks R.G.D.
gshanks@canadiansresidentabroad.com

Co-publishers

Jon Reid & Fred Moody
Elefant Enterprise Communications Inc.™ (EECI)
jreid@canadiansresidentabroad.com
fmoody@canadiansresidentabroad.com

Circulation & Web Site Manager

Bill McCarvell
Syntaxis On-Line Inc.
bmccarvell@canadiansresidentabroad.com

ISSN # 1492-8191

Publications Mail Agreement Number 40017598

FROM THE

Editor



In this issue, CRA Magazine takes you to Singapore, jewel of New Asia. Cosmopolitan and sophisticated, Singapore offers a blend of cultures, the old and the new, business and pleasure. Start your visit with consultant Louisa Nedkov who provides invaluable advice on the local customs and etiquette that reflect Singapore's unique cultural tapestry. Embark on a tour of sight-seeing, shopping and entertainment highlights. Then join Clinton Cheng of the Canada-Singapore Business Association who will introduce you to business in Singapore and the links between our two economies. Finally, take a look inside a unique educational institution, the Canadian International School in Singapore.

Do you consider yourself non-resident for tax purposes? Do you have minor ties to Canada? We've spent a lot of time lately at CRA discussing CCRA's revised Interpretation Bulletin IT-221R3 (Determination of an Individual's Residency) and consulting with experts in the field. While only time will tell to what degree the revisions will alter CCRA's actual assessment practices, there are concerns over an apparent increased emphasis on the role of certain secondary residential ties to Canada in determining residency and, in particular, the fact that possession of a Canadian passport is now specified as a tie. We are very pleased to have Tony Schweitzer and Graham Turner of Fraser Milner Casgrain on hand to examine the revised Bulletin in detail. Garry Duncan of BDO Dunwoody provides further food for thought, questioning whether some of the changes show Canada moving towards a U.S.-style system of taxation by citizenship rather than residency. We'll continue to watch this issue closely and keep you informed.

On the financial side, Andrew Donald of Canadian Investment Consultants reviews recent economic news and sees light at the end of the tunnel for investors. Maurice Fortier of Bayshore Bank and Trust provides advice on how to determine the mix of currencies most appropriate for your current situation and future plans.

"Landed immigrants" to Canada (now called "permanent residents") will now find it easier to travel for extended periods, even to work outside Canada for prolonged periods if they are working for a Canadian company. Stephen Green of Green and Spiegel outlines the new regulations, including the standardized identification system, or "Maple Leaf Card."

Today, travel and relocation are often a family affair. Dr. Mark Wise provides health-related advice on travel with youngsters, while Frank Martin of AMJ Campbell International suggests ways to make moving abroad a rewarding experience for children and parents alike.

Keep in touch!

ELIZABETH J. PECK
epeck@canadiansresidentabroad.com

BY LOUISA NEDKOV



Singapore **A Cultural Guide**



PHOTO: Steve Allen

SINGAPORE

Population

- 3.5 million
- One of the most densely populated countries in the world.

Capital

- Singapore (3.3 million)

Government

- Singapore is a democratic republic.
- The president is the head of state.
- The prime minister is the head of government.

Climate

- Singapore is located just north of the equator; consequently the weather is hot and humid all year around.
- A tropical rain shower occurs every day or two throughout the year except during the month of July.
- Mid-November to mid-January is the heavy rainy season.
- The coolest period is during the months of December and January. Temperatures range from 25C (75F) to 28C (82F).
- Temperatures during the rest of the year range from 27C (81F) to 31C (88F).

THE PEOPLE

Ethnic Groups

- 76% Chinese (comprised of more than five subgroups with different dialects and different cultures).
- 15% Malay (indigenous to Singapore).
- 6% Indian (comprised of immigrants from India, Bangladesh, Pakistan, Sri Lanka and Myanmar).
- Less than 1% are European.
- Relations between all ethnic groups is good.

Language

- Singapore has four official languages: Malay, Tamil, Chinese, and English.
- Malay is the national language.
- Despite the fact that English is not the mother tongue for any of the three main ethnic groups, it is the primary language used in business, administration, commerce, and tourism.
- The Government of Singapore uses Mandarin Chinese.



- English is considered an important unifying factor because of its neutrality as well as its being the major international language.
- All Singaporeans are expected to learn English.
- The government strives to ensure that traditional cultures and values are maintained by encouraging use of all languages.
- The Chinese speak a number of different dialects. However, the government is encouraging all Chinese to learn and speak Mandarin.
- Most Singaporeans are bilingual or multilingual.

Religion

- Singapore has no official religion. Freedom of worship is constitutionally guaranteed.
- The major religions are Buddhism, Taoism, Confucianism, Islam, Christianity, Hinduism, and Judaism. A number of other smaller religions are also practiced.
- Approximately 50% (primarily Chinese) practice Buddhism or Taoism (or a combination of Buddhism, Taoism, and Confucianism).
- Most of the indigenous Malays are Muslim.
- The Chinese community believes in Feng shui (pronounced fung shway). The words mean "wind and water."

Feng shui is an entire school of environmental and cultural doctrines. Feng shui is based on the premise that people experience happier, healthier, more prosperous lives when their homes and work environments are harmonious. New ventures or new construction will often require the blessing of a Feng shui master.

CONDUCTING BUSINESS

Meeting & Greeting

- Although Singapore has three major ethnic groups, each with its own tradition, the most common greeting is a handshake.
- The handshake is usually quite soft and lingering. Both hands may be used.
- Foreign businesswomen may shake hands with both men and women. Singaporean men will often wait for the woman to initiate the gesture.

Singaporean Chinese

- Singaporean Chinese may accompany their handshake with a nod of the head, particularly when greeting older people.

Singaporean Malay

- Singaporean Malay are often Muslim.
- Muslim tradition dictates that there is no public contact between the sexes.
- Devout Muslim men will ritually cleanse after they have touched a woman.

- If the Singaporean Malay is very westernized, he may shake hands with a woman.
- Foreign businesswomen should wait for a Malay man to initiate the gesture.
- Foreign businessmen should wait for a Singaporean Malay woman to offer her hand.
- The traditional Malay greeting is the Salaam that involves taking the right hand, touching the heart, then the forehead and then gesturing forward. It is not recommended that foreigners use this greeting.

- Some Muslims, particularly men, may bring their hands back to touch their chests after shaking hands to symbolize that the greeting comes from the heart. They are pleased when a foreigner reciprocates the gesture.

Singaporean Indian

- Although not common, Singaporean Indians may greet you in the traditional manner called a namaste (pronounced na-mas-tay), which is done by holding the palms of your hands together (as in a prayer) below the chin, accompanied by a slight nod.
- Many Singaporean Indians are Hindu.
- Traditionally, there is no public contact between the sexes.

- Only westernized Hindus will shake hands with women.
- A namaste in this situation is an acceptable alternative to a handshake for a foreign businesswoman.
- Business cards are exchanged at the beginning of a meeting.
- Cards should be given and received using both hands.
- It is not necessary to have your card translated into Mandarin on the back unless you are dealing with a Chinese company.
- You should begin meetings with a few minutes of casual conversation. Business discussions will usually begin relatively quickly.
- Avoid scheduling meetings during the luncheon period from 1:00 p.m. to 2:00 p.m.
- Avoid scheduling business trips during the Chinese New Year period.

Forms of Address

- The three different ethnic groups should each be addressed in a different manner.
- Because of the complexities, it is acceptable to ask a Singaporean how he or she wishes to be addressed.

Singaporean Chinese

- In Chinese names, the family name is traditionally placed first, followed by the given name.
- Address Chinese using their professional title (Engineer, Dr., President, etc.) or government title

(Mayor, Councillor, etc.) followed by their family name.

- If the title is unknown, use the appropriate courtesy title (Mr., Mrs., or Miss) and their family name.
- Never address a Chinese by his or her family name alone.
- Traditionally, Chinese wives retain their maiden name. Marital status is indicated by using Madam or Mrs.
- Many Chinese have taken an English first name or use their initials to ease communications with English speakers.
- It is acceptable to ask how someone wishes to be addressed, if unsure about which is the family or first name.
- Only family members or close friends use first names.
- There are only 100 widely used family names. The five most common surnames are "Chang", "Wang", "Li", "Chao", and "Liu".

Singaporean Malays

- There are no family names. A man is known by his given name(s) followed by bin (son of) and his father's name.
- A woman is known by her given name(s) followed by binti (daughter of) and her father's name.
- To address a Malay, use the appropriate professional title (Dr., Professor, Engineer) or Mr./Mrs./Miss followed by their given name.



SINGAPORE NIGHT LIFE

- The traditional greeting for Muslim men is Encik (pronounced onchik) followed by their first name. For a married woman it is Puan (pronounced poo-ahn) or for a single woman, Cik (pronounced chik), followed by her first name. The current trend is to use Puan for any adult female.
- Some married women will drop their father's name and take their husband's name.
- Some westernized Malays have removed bin or binti from their name.
- If a man has completed his pilgrimage to Mecca, he will be addressed as Tuan Haji.
- If a woman has completed her pilgrimage to Mecca, she will be addressed as Puan Hajah.
- These honorific titles must be individually earned.
- Professional titles (Doctor, Professor) or the English courtesy titles (Mr., Mrs. or Miss) plus the family name unless familiar with the Hindu, Muslim or Sikh greeting customs. Wait until invited to use first names.

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ONE OF SINGAPORE'S ETHNIC QUARTERS (CHINATOWN)

Hindu:

- Given names come first, followed by family names.
- It is polite to use professional titles or Shri (Mr.); Shrimati Mrs.) or Kumari (Miss) or the suffix -ji with a last name to show respect.

Muslim:

- Muslims have no surname. A Muslim is generally known by a given name followed by bin (son of) or binti (daughter of) plus the father's given name.
- Married Muslim women do not always take the husband's name.

Sikhs:

- The given name is always followed by either Singh (for males) or Kaur (for females).
- All Sikhs use the name Singh, but not all Singhs are Sikhs.
- Address Sikhs by their professional title or Mr., Mrs., or Miss, and by their first name.
- To address a Sikh male as Mr. Singh is the equivalent of saying "Mr. Man" in English.

ENTERTAINING

- Business entertaining over lunch or dinner is common. Business breakfasts are rare.
- Most Singaporeans prefer to conduct business over lunches which can be long in duration.
- Business is often discussed over the meal.

- Do not invite a Singaporean business associate to lunch until you have had an opportunity to meet on a few occasions.
- Government officials may be prohibited from attending a social event.
- Spouses are often invited to dinners and other functions if business is not to be discussed.
- If you invite Singaporeans to dinner, ideally have an even number present at the table to ensure good fortune.
- You will rarely be invited to a Singaporean home for a business dinner.
- Shoes should be removed before entering most homes.

DINING ETIQUETTE

- Since Singapore has become quite westernized, the customs and eating etiquette will vary according to the cuisine and culture.
- Hindus and Buddhists do not eat beef; Muslims do not eat pork.
- Chopsticks are the most popular utensil although Western-style utensils are normally available.
- In most cases, diners will have individual bowls (plates or even a banana leaf) of rice.
- Wait until your host begins eating and invites you to start.
- Small amounts of food should be taken throughout the meal from communal platters.
- It is considered polite to always leave a little bit of food on the serving

dishes (not in your own bowl or plate) to show that an adequate amount of food has been served and you have been well fed.

Singaporean Chinese

- At a round table, the guest of honour is always placed facing the entrance and to the host's left.
- Use chopsticks for eating and a porcelain spoon for soup.
- Chopsticks, when not in use, should be left on the chopstick rest. It is considered improper to rest them on your dinner plate or on the rice bowl. Do not place them standing straight up in the rice (associated with a funeral ritual and synonymous with death).
- Do not place bones, seeds or other debris in your rice bowl. If a separate dish is unavailable, they should be placed on the table.

- To remove any bones from your mouth, do not use your fingers. It is considered impolite. Most Chinese will use chopsticks to remove bones and then set them on a bone plate or on the table.

Singaporean Malay/Indian

- The guest of honour is usually seated at the head of the table or to the right of the host.
- Diners wash and dry their hands before and after a meal.
- When dining with Indians, always go to the washroom to wash your hands before eating.
- Malays will usually offer a small bowl and towel at the table.
- Malays and Indians eat using the fingers of their right hand.
- Never use your left hand as it is considered unclean.
- Forks and spoons may be used for some foods.
- If given a spoon and fork, hold the spoon in your right hand and the fork in your left; use the fork to push food onto the spoon.
- Always use a serving spoon, rather than your fingers, to take food from a communal dish.
- It is offensive to offer food (even to a family member) from your plate to others. Never let the serving spoon touch your plate. Indians believe that anything that touches someone's plate is polluted.
- Orthodox Muslims and most Hindus do not consume alcohol.
- It is customary for Malays to entertain at home rather than in restaurants.



BUSTLING NIGHT LIFE ALONG THE SINGAPORE RIVER

PUNCTUALITY

- It is important to be punctual for business or social events.
- If you are going to be delayed for a meeting, you should phone ahead.

VALUES AND SOCIAL CONVENTIONS

- Singapore has the highest standard of living in Southeast Asia.
- Singapore is one of the safest countries in Asia.
- British colonial influence is evident in many parts of Singapore society.
- Singaporeans are highly disciplined.
- Great value is placed on excellence, hard work, honesty, and education.
- The ethnic groups within Singapore peacefully coexist. Singapore is a country of racial harmony and national unity.
- Each ethnic group works hard to maintain its own cultural traditions.
- The family is central to all ethnic groups.
- Elders are respected.

- Singaporeans are usually modest and humble. Compliments are appreciated but are usually modestly denied.
- Loud voices and public displays of anger are frowned upon.
- The preservation of harmony is important.
- Singaporeans will not say an outright "no", as it is considered disrespectful. Common expressions used instead are "It is difficult" or "I would like to but..." or "maybe".
- The answer "yes" does not always indicate an affirmative. "Yes" may mean "Yes, I understand" or "Yes, I hear you".
- The concept of "saving face" is important in Chinese culture. "Face" refers to a person's pride, self-respect, family honour, and reputation. "Keeping face" means avoiding embarrassment, failure, or defeat.
- Be careful to avoid causing someone to "lose face" by insulting or criticizing him/her in public.
- Short periods of silence are common



VIEW OF SINGAPORE RIVER

during discussions with Singaporeans. Be patient. Do not try to fill in the silence with further discussion. Await their response. Silence is not only considered polite, but may indicate serious thought.

- Do not be surprised by a laugh or smile at what may seem inappropriate times. This response may be used to mask feelings of embarrassment, nervousness, or other emotions.
- Very strict laws prohibit littering, jay walking, smoking, spitting, and chewing gum.

- Although most toilets now flush automatically, failure to flush a toilet is against the law.
- Punishment and fines can be severe, hence most Singaporeans respect and abide by the laws which have been established.

BODY LANGUAGE

- Public displays of affection are frowned upon.
- A woman may hold hands with another woman. This is considered a sign of friendship.



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Minds
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- Hitting your fist into your other cupped hand is considered obscene.
- Be sure to cover your mouth with your hand when yawning.
- It is considered rude to blow your nose or clear your throat in public.
- Minimize hand and body gestures when talking. Most Singaporeans find the movements distracting.
- Avoid touching someone's head (even to pat a child) as both Malays and Indians believe it is where the spirit or soul resides.
- For both Muslims and Hindus, the left hand is reserved for personal hygiene and therefore considered unclean. Do not eat, accept gifts, pass objects, or hold cash with your left hand. When both hands are needed, it is acceptable to use both.
- The foot is also considered unclean. Avoid showing the soles of your feet (or shoes), touching anyone or moving objects with your feet.
- When crossing your legs, do not place one ankle on the other knee.
- Shoes must always be removed before entering a mosque or temple.
- Do not point using your forefinger as Malaysians use this gesture to point only at animals. Even using two fingers is considered impolite by some Indians. Use the right hand, palm facing out or your right thumb (be sure the rest of your fingers are curled inward).
- It is a sign of anger if a person stands with hands on hips.
- An Indian may indicate agreement by a side-to-side toss of their head. Westerners often misinterpret this gesture to mean "no".



MULTI-CULTURAL CUISINE

- A gesture which indicates someone is having difficulty giving a positive response, involves the sucking in of air or a hissing sound made through the teeth.
- To beckon someone, extend the arm out, hand down, and make a downward scratching motion with your fingers towards your body.
- It is considered polite to slightly bow when entering or leaving a room, or when passing by a group of people.

TIPPING

- Tipping is not expected and is often discouraged.
- In restaurants, a service charge is usually included in the bill.

DRESS & APPEARANCE

- Because Singapore is hot and humid all year around, you will need light-weight clothing.
- Sudden rain showers occur throughout the year. Bring an umbrella.
- Natural fabrics that breathe, such as cotton, are appropriate.
- Because of the heat, business dress in Singapore is somewhat casual.
- Foreign businessmen should dress more conservatively until aware of the formality required. Men should wear a suit and tie. Jackets may be removed if it seems appropriate.
- Foreign businesswomen should wear tailored linen and silk dresses or suits (pant suits are acceptable) with stockings and pumps. Avoid sleeveless garments. Short sleeves are acceptable.
- Singapore offices are often air-conditioned to extreme coldness so visitors should have a jacket handy.

- For business, Singaporean men will often wear dark trousers, a light-coloured long sleeved shirt and tie, without a jacket. Open-necked batik shirts are also popular.
- Singaporean businesswomen will wear either a light-coloured blouse with a skirt or a business suit, depending upon the formality of the office.
- The dress code at evening receptions can be business attire or "smart casual".
- Jeans are acceptable for both sexes.

GIFTS

- Business gifts are generally not exchanged.
- Gifts are exchanged between friends.
- A gift may be misinterpreted as a bribe, if it is given before a close relationship has been established.
- Singapore has very stringent laws against bribery.
- Government officials may not accept any gift.
- Each ethnic group has different gift-giving traditions.
- Gifts are never opened in the presence of the giver. To open a gift immediately indicates that the person is greedy. Gifts are put aside to be opened later.
- Gifts should be elegantly wrapped.
- When you wrap your gifts, be aware of the significance of colour for the different cultures in Singapore. See below.
- If invited to a private home for dinner, always bring a small gift.
- Give brand name, high quality gifts.

Singaporean Chinese

- Present your gift using both hands.
- In order not to appear greedy, Chinese will normally decline a gift several times before accepting. It is important to insist until they accept the gift.
- Similarly, you should decline several times before taking a gift.

Gift taboos include:

- clocks (associated with death),
- knives (negative connotations),
- green hats (a Chinese wearing a green hat indicates that his wife or girlfriend has been unfaithful),
- blankets (suppress prosperity), or



SHOPPING IN SINGAPORE

- handkerchiefs (symbolize grief and parting).
- Wrapping paper: Avoid white, black, and blue paper (associated with funerals). Red and gold are good colours to use as they are considered festive colours.

Singaporean Malay

- Do not give liquor, pork items, or knives.
- As Malays consider dogs unclean, do not give toy dogs or gifts that picture dogs.
- Wrapping paper: Avoid white paper (associated with funerals) or yellow paper (reserved for royalty).

Singaporean Indian

- Present gifts using the right hand.
- Wrapping paper: Green, red, and yellow are good colours to use.

FOR WOMEN

- Singapore is a very good place for foreign businesswomen to do business.
- Singaporean women are often highly educated and actively involved in business and commerce. However, there are still few females in top executive positions.
- Most Singaporean women managers are employed in personnel, administration, consumer affairs, and public relations. Most are in lower- and middle- management positions and support functions.

Louisa Nedkov is President, **Solo Sessions**, based in Toronto, and author of the book *Raise Your Cultural IQ – Asia & the Pacific*, from which this article is excerpted. *Raise Your Cultural IQ* can be obtained directly via her Web site or through Amazon.com. Louisa Nedkov may be contacted at: Tel. 416.441.0021, Fax 416.441.6801, E-mail <info@SoloSessions.com>, Web site <www.solosessions.com>.



BY ANDREW W.S. DONALD

Portfolio

LIGHT AT THE END OF THE TUNNEL

The last quarter of 2001 was filled with splendid news on the economic front. Economic growth in the U.S. was actually much stronger than originally thought. The manufacturing sector finally started to grow again after 18 months of decline. Inventory levels have been taken down very quickly to the point where increases in demand will require immediate inventory rebuilds. Unemployment has increased, but at rates that are moderately less than expected. Consumer spending, the mainstay of the past year, maintained its momentum, and U.S. incomes started to rise again, lending support to that level of consumer spending. This also lends credence to investment strategist Harry Dent's argument that a huge percentage of the U.S. population, currently in their early forties, are entering their peak spending and earning years. All we are missing is an increase in business spending, or a broad increase in corporate profitability that would lead to increased business spending.

In Canada, our GDP growth has had much the same trend - surprisingly strong - and we have seen our resource sectors do quite well out of the recent increases in commodity prices. Our recovery will likely be stronger than that of the U.S.

Early in 2002 there were fears of a double-dip recession, based on the fact that consumer spending alone could not support a recovery and business spending would not recover in time to take over. What we have seen is consumer spending strengthening, and public sector spending increasing

slightly to maintain the recovery. Corporate profits are likely to start showing recovery in the third quarter of 2002 and we hope business spending will follow. The odds of a double dip are much lower than was perceived in January. The potential cause of a double dip has also changed somewhat. The news has been so good that our old bogeyman, inflation, has reappeared as a concern. The latest headlines, therefore, are that rates will be increased to fight inflation, perhaps causing a stall in the recovery, possibly resulting in the double-dip.

The odds of this outcome, as I see it, are very, very low. Chairman Alan Greenspan and the U.S. Federal Reserve Board have won the inflation battle. Despite the current deficits, there is no sense that a spending spree is about to break out in Washington or Ottawa. Some increases in short-term rates are likely to occur before the year-end, but just as decreases of the past year lagged in their effect, the effects of increases will not be felt until several months later.

Most important, there is no pressing need to jeopardize the recovery by acting rashly. The Canadian government learned from 1991 not to be too hasty in putting on the brakes during a recovery. Any rate increases, therefore, should actually be taken as positive assurance that the recovery has taken solid hold and that corporate profitability and investments are at satisfactory levels.

With an economic forecast of generally slow but steady growth, what can we expect from the markets? The recovery is solidly in place, but we haven't seen any big increases in market indices or in values of well-diversified portfolios. This is due to a number

of factors, some of which are more perception than reality, and others which are not related to the economy.

One perceptual issue is the nature of the indices and diversification. There have been some very healthy gains in certain market segments. This is typical of a market in recovery - certain sectors recover first while others lag. The overall index is an average of this. What complicates matters in this recovery is the predominance of telecommunications and technology in the headlines and in the minds of investors. This sector still suffers from overcapacity and is still in recession. Technology and telecoms are also more susceptible to the "Enron Factor" since creative accounting appears to be more prevalent among those newer or more esoteric industries. However, what grabs headlines and our attention is the negative news about this lagging sector, not the good news about the leading sector.

Portfolio Models

Conservative Risk Portfolio

Fixed Income Products 30%
Value Funds 35%
Growth Funds 35%

Moderate Risk Portfolio

50% Value Funds
50% Growth Funds

Aggressive Portfolio

More aggressive investors can consider reducing investment in value and growth managers up to a maximum of 30% and re-allocating these dollars to the following areas:

- Far East (excluding Japan)
- Technology
- Biotechnology
- Financial Services
- Resources

Portfolio, continued on page 13



BY MAURICE FORTIER

Running with the Bulls

THE LOONIE BIN

The “Dollarette,” the “Northern Peso,” “Greenback Light.” Whatever the nickname, the implications are undeniable: loss of purchasing power for people who hold Canadian dollar assets.

For expatriates, this effect can be greatly magnified.

In the past decade currency devaluations have occurred in many countries around the world. Argentina is probably the most notable at present, given that the state of turmoil is still continuing in that country. Mexico is also often mentioned. But what about Canada?

The Canadian dollar has not suffered from a single event that caused immediate devaluations, as happened recently in Argentina and in December 1994 in Mexico. However, if you look at the last decade, the slow and steady erosion of the loonie has produced very much the same result: a very real loss of purchasing power.

In October 1991 the 22-day average cost to buy one Canadian dollar was \$0.89 (U.S.). With the Loonie hovering below \$0.62 (U.S.) within the last few months, the math is simple – a 30 per cent decline.

For Canadian residents this is now reflected in higher costs for imported goods. For expatriates it can mean higher costs for everything if they are using Canadian dollar savings to make purchases. In the very least it means their lifestyle is not what it could have been had they converted Canadian loonies to U.S. greenbacks in 1991.

So what are we to do now? We all know hindsight is 20/20, so looking at

what we should have done ten years ago does not necessarily mean that is what we should do now. To determine what currency or combination of currencies you should be holding you need to focus on two points: first of all, the historical data and how this could be indicative of the value of the currency going forward; second, you need to look at what currency will be the least risky for you and your lifestyle. Essentially, what currency are you going to require the most when paying for your lifestyle?

When it comes to historical data on the Canadian dollar, there is not a lot of positive sentiment. Consider the following:

1. The Canadian dollar has declined steadily for 30 years, most appreciably in the past ten years. This is what is called a trend with historical significance.

2. Given the difference in productivity, the reliance on cheap currency and its still primarily resource-based economy, the Canadian dollar is not set for a huge rally.

3. The U.S. dollar is overvalued. However, historically if it is overvalued and depreciates, the Canadian dollar does not take part in the upside as much as other currencies (the economies are too linked).

4. My favourite older quote, voiced by many political pundits in 1995, is: “If the ‘yes-side’ wins the referendum, we could see a 65-cent dollar.” They lost and we have blown through that barrier.

5. Australia: Check out their dollar in a similar type of economy.

When determining what currency, or mix of currencies, is best for your current situation and future plans, here are the most important considerations:

1. If you live in a country with U.S. dollars as the main currency (or a

currency pegged to the U.S. dollar, like Barbados) you should have a large component of your savings in U.S. dollars. If you are earning U.S. dollars or spending U.S. dollars, your savings should be reflected as such.

2. If you plan to move back to Canada and are only working abroad for a period of time, Canadian dollars are still a good idea. Your RRSPs are probably still mostly in Canadian-dollar investments, so you still have a lot of exposure there.

3. Consider the benefits of having assets in two or more currencies. If you are visiting Canada you do not have to convert U.S. or other currencies to pay for the trip. If you are going back to Canada in a few years you could have money saved to buy a new house in Canadian dollars. If the Canadian dollar continues to go down and you have half your assets in U.S. dollars, you should still be able to buy that new house.

4. If you never plan to go back to the snow, perhaps it is time to plan to convert most of your assets into the currency that is most important where you live.

5. If you have lived outside of Canada for many years and plan to return, converting back to Canadian dollars may be on your mind.

Once you have done the pros and cons list, it is time to set up your plan. You are currently at point A (your current currency exposure) and want to get to point B (your desired currency exposure). How are you going to get there? The solution is not just “ripping the Band-Aid” and converting all at once. Averaging into your new position mitigates the risk involved.

1. Pick a time frame. Determine over what period you want to make the

Running with the Bulls, continued from page 12

switch - three months, six months, perhaps a year?

2. Choose hard conversion points. If you have cash, perhaps the conversion point is at the start of the month for three months in a row. If you hold short-term bonds you can set the conversion date to coincide with their maturities. For equities, mutual funds or longer term bonds, you can set target prices to sell and then convert the currency.

3. Be disciplined. Don't do it on your own, otherwise you can have the tendency to "hang on for a little more upside." Work with your spouse and/or your financial advisor so the plan is not known just to you. Others will be able to help you stay on track.

With this approach you can mitigate the downside potential by moving your currency mix over time. If you are moving out of Canadian dollars and the dollar continues to go down, you have converted some of the assets at higher values at the beginning of the process. You also do not miss out on upside potential if the dollar does increase in value.

Once you have moved your assets into your desired currency position, forget your old position. Regret is an emotion best ignored - both before and after financial decisions.

Maurice Fortier is Vice President, Investment Services, **Bayshore Bank & Trust (Barbados) Corporation**. If you have any questions about this column, offshore investing or expatriate issues, Maurice may be contacted at: Tel. 246-430-8650, E-mail <mfortier@bayshore-international.com>.

Portfolio, continued from page 11

The disparities between the high and low sectors can easily be seen by looking at the results for Canadian mutual funds for the first quarter. Natural resource funds were up 17 per cent while technology funds were down an average of 7 per cent.

Diversification really helps when major segments are in a decline, but it hurts when things are back on the upswing. Thus, diversification helps results in the down years but causes portfolios to lag when the market is moving back up. Many managers hold an element of both resources and technology in broad portfolios so that their overall or average results are affected the same way as the index. There is no need to be concerned about the results we have seen so far.

In conclusion, short-term expectation levels when buying equity markets are the investor's worst enemy. When technology and telecommunications were going up on a daily basis everybody wanted to jump on the bandwagon and move away from the traditional value managers and conservative growth managers. Once people were convinced that they should only own sector funds like telecoms and technology, the market had a significant correction. We will see a recovery in technology back to the levels of pre-March 2000. However, in the

process many companies that exist today will no longer exist as viable entities or will have merged with the surviving companies as the NASDAQ moves back up to previous highs and beyond.

A lesson from history: Back in the early 1920s there were hundreds of companies producing cars in the United States, the automotive sector being the high-tech industry of the day. Ten years later most car manufacturers had gone bankrupt, or become part of a larger group like General Motors.

In closing, I would urge readers to remember one of the realities of investing: Human nature causes us to perceive low risk when markets are at the top and high risk when markets look their worst, which is the complete reverse of reality.

We have seen in recent weeks two more accounting scandals, one in the form of WorldCom and the other being Xerox. These, along with concerns regarding the ongoing possibility of terrorist acts, are continuing to make the markets nervous. Up to now, the markets have been basically ignoring economic fundamentals, which have been steadily improving for the past six months. The markets will re-link themselves with the economy in the near future.

For copies of my model portfolios using the above strategies, please contact me.

Andrew W.S. Donald, President of **Canadian Investment Consultants (888) Inc.**, is based in Burnaby, BC. He may be contacted at: Tel. 604.436.3556, Fax 604.436.3506, E-mail <andy@cic888.com>.

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Left: Singapore City Centre
Below: Futuristic Skyscrapers



Jewel of New Asia Singapore

A vibrant, multi-cultural, cosmopolitan and sophisticated city-state, Singapore

expresses the essence of today's New Asia. Its many names describe its attributes: City of Diverse Cultures, The Garden City, The Fun City and City for the Arts – these are characteristics that best describe Singapore.

The diversity of things to do and see is unrivalled. The ease of moving around and the relative safety of Singapore make it most enjoyable for any visitor who likes the free-and-easy kind of touring.

Visitors to Singapore are often pleasantly surprised by this miracle city, which has the world's best airport, one of the world's busiest seaports and is regarded by business travellers the world over as the "Best Business Destination."

No wonder! From arrival at the spankingly efficient Changi Airport to the squeaky clean city centre, the superb infrastructure and awesome modernity of the city are hard to miss. But equally evident is Singapore's more charming side – the multi-cultural population that gives this superbly efficient country its colour, famously tempting cuisine and the richness of its heritage and arts.

Few places present such a mixture of vibrant habitats. Amid futuristic skyscrapers are heritage living quarters. Centuries-old buildings beautifully preserved are now the thematic restaurants, shops or offices that attract today's urbanite. Festivals light up Singapore's streets close to six months of the year. Ethnic quarters such as Little India, Chinatown, Geylang Serai and Kampong Glam brim with the cuisine, fashion, merchandise and lifestyles of their respective communities – the Indian, Chinese and Malays.

From the language to the cuisine, from fashion to business etiquette, Singapore's signature is New Asia – an identity that has evolved from the multi-racial integration of its population.

Singapore's public transport system is one of the best in the world. Clean, safe, efficient and relatively inexpensive, the



Above, Top to Bottom: Singapore's famously tempting cuisine; Little Italy
Right: Kampong Glam





underground train system or Mass Rapid Transit (MRT), is one of the fastest ways to zip around the country. Today, the MRT line extends to the Changi Airport, providing travellers a fast, efficient and cheap commute to and from the city.

Surface transport by public buses or taxis are good alternatives. The best thing about Singapore is that public transportation is so abundant and cheap. As well, taxi fares in this first world nation are easily among the lowest in Asia.

Whether it be tucking into a traditional breakfast of freshly brewed coffee and *kaya* (egg and coconut jam) on toast, hiking at the Bukit Timah Nature Reserve (home to more species of plants than the entire North American continent), pampering yourself at a spa or partying all night long at the trendiest nightspots along Mohamed Sultan Road, visitors can find many ways to “live it up” in Singapore throughout the year!



Shopping

From fascinating treasures and antiques to the latest season’s fashion trends, few countries in the world can match the range and variety of goods sold in Singapore. Shoppers can find an amazing array of state-of-the-art or high fashion products and traditional, ethnic goods in a seemingly endless variety of stores and malls.

Great shopping is not just confined to the city: a variety of goods can also be found in the shopping malls in the suburban districts such as Bishan and Tampines. Good bargains



can be found during the Great Singapore Sale – an annual event which offers fantastic discounts to shoppers.

Night Life

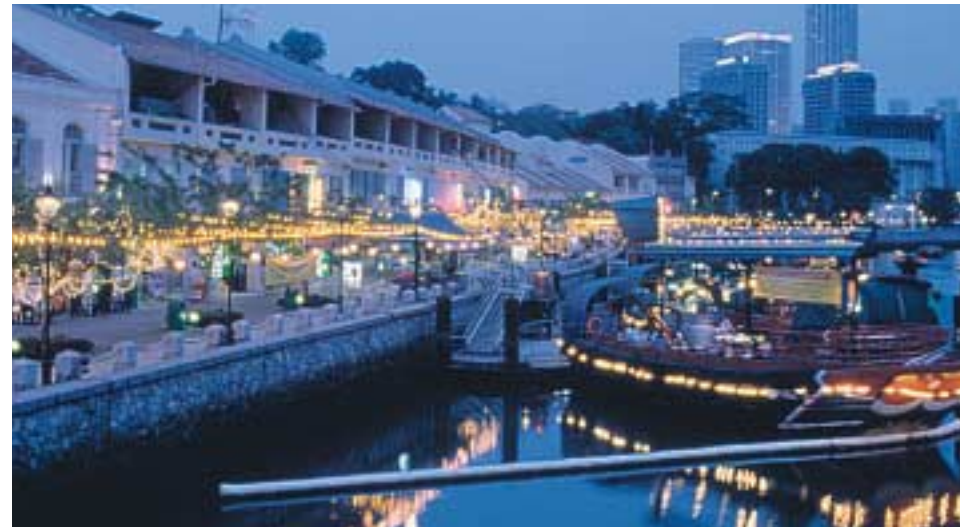
Singapore’s night life runs from discos, jazz clubs and piano lounges to pubs and wine bars and theatres. Make a trip down to Orchard Road, Tanjong Pagar, Holland Village, Bugis Street and Mohamed Sultan Road and take your pick of the variety of night entertainment options available there.

In the evenings, the Singapore River transforms into a bustling entertainment district. Pubs, restaurants and bars in restored godowns (warehouses) lure the night owls with an eclectic fare of cuisine consumed *alfresco* and music that ranges from classical jazz to hard rock.

If culture is the pursuit, the other bank of the Singapore River is the place to enjoy symphonic performances in the Victoria Concert Hall, elegant candlelight dinners on the patio by the Asian Civilisations Museum or a quiet sit-down by the river bank.

Arts with a Touch of Old World Charm

The arts are part of the Singaporean lifestyle. With its cosmopolitan character and international network, Singapore has become a global city for arts of all sorts – fine arts and antique dealing, auctioneering, exhibitions as well as the staging of world-class musicals,



Above, Top to Bottom:
Pampering at one of Singapore’s many spas;
Indoor shopping; Outdoor shopping; Singapore night life
Right: Singapore River



Top Right: Singapore's Esplanade, opening October 2002 **Above,** **Top to Bottom:** Botanic Gardens; Bukit Timah Nature Reserve **Right:** Singapore Zoological Gardens

theatre productions, mega-concerts, and music and dance performances.

Singapore's arts and entertainment industry has flourished in the last decade. The nation is now preparing for the opening of Singapore's premier arts performing venue, Esplanade – Theatres-on-the-Bay, in October 2002. This facility, which boasts a concert hall, theatre, studios and outdoor performing venues, will offer world-class arts events and a kaleidoscope of activities. A large-scale carnival has been planned to celebrate the Grand Opening, followed by a three-week Opening Festival featuring some 1,300 artists from 22 countries in 70 different productions.

Oases of Tranquility

Despite or because of its rapid modernisation, Singapore places great emphasis on the preservation of nature. Thus, nestled amongst the sleek modernity and commercial bustle of the emerald island-state are pockets of lush greenery.

The Botanic Gardens, near the heart of the city, combine both primary jungle and landscaped gardens which together hold thousands of species of plant life. The Chinese and Japanese Gardens, Mount Faber, Bukit Timah Nature Reserve and Sungei Buloh Nature Park are some of the other parks and reserves that reflect the Garden City's natural beauty.

Going Wild

The other popular nature attractions in Singapore include the Jurong BirdPark and the Singapore Zoological Gardens. Hailed as one of the world's best zoos, the Singapore Zoological Gardens is open concept, using streams, rock walls and vegetation as natural barriers to enclose its 3,000 mammals, birds

and reptiles, including rare and endangered species roaming in their natural-looking enclosures.

The Gardens' Ethiopian Experience showcases the ecosystem typical of the savanna climatic zone in Ethiopia. The area is landscaped to include a multitude of habitats for a wide range of animals, rock formations and tribal villages. The exhibit is home to the rock hyrax, the banded mongoose, the black jackal and hamadryas (baboons).

After dark, visit the Night Safari – the world's first and only night zoo – to observe the natural behaviour of nocturnal animals. The one-horned rhinoceros and striped hyenas are just some of the 1,200 animals to look out for at this award-winning attraction.

Described as Southeast Asia's largest, the Jurong BirdPark has a collection of more than 8,000 birds. Its Southeast Asian hornbills and South American toucans are the largest in the world. Captivating shows such as the All Stars Birdshow and the Fuji World of Hawks Show are not to be missed. The latest offering – "Pelicans, Parrots and Prata" – is the all-new breakfast program offered at the BirdPark's Songbird Terrace overlooking the Flamingo Lake.



Getaway Islands

Singapore is not just one island, but a main island with more than 50 surrounding islets. Some of Singapore's smaller islands offer a quiet respite from the big city with their laid-back ambience, idyllic beaches and inviting waters.

Pulau Ubin, for example, is a window into Singapore life 30 years ago – thatched huts, backyard orchards, dirt tracks and interesting wildlife. St John's Island, a former penal colony which has been transformed into a tranquil resort with abundant water-sport activities and holiday bungalows, makes an ideal getaway.

Kusu or "Turtle" Island is best known for its legend of how a giant turtle turned itself into an island to save two shipwrecked sailors, a Malay and a Chinese. Lazarus and Sisters Islands are some of the other easily accessible tropical paradises known for snorkelling and diving.

Gateway to the Region

Singapore is ideally located as the gateway to Malaysia, Indonesia, the Philippines, Brunei



Right: Jurong BirdPark
Below: Singapore Ferry



and Thailand. All are easily reached via ferry, train, plane or even coach, with travel times being no longer than three hours.

Economic progress has given Singapore a 21st century façade and outlook. Yet the country's essence is very much steeped in age-old Asian mores, cultures and traditions.

This article was provided by the **Singapore Tourism Board**. For more information, please log on to <www.visitsingapore.com> or call the Touristlines at 1.800.736.2000 (Singapore), 1.800.944.8778 (Canada)

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Doyle A. Dally

Tel: (345) 914-5523 • Fax: (345) 949-7004

E-mail: doyle.dally@bankofbutterfield.ky

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The Canada-Singapore Business Connection

Singapore is a very small country with almost no natural resources and yet, this city-state maintains one of the most liberalized and vibrant economies in the world. Singapore also happens to be one of the world's most competitive economies as it is heavily dependent on trade, investment and commerce. Over the past few years, Singapore has been attempting to further economic development. The government is focused on developing an integrated enterprise ecosystem by positioning itself as a knowledge-based economy on the cutting edge of technology and innovation.

Singapore is a wonderful place to live and do business. As Singapore is a country that is very multicultural and English is widely spoken, there are few apparent obstacles. Most business people are also attracted to Singapore's strong brand image. Singapore is an open, cosmopolitan city that has excellent infrastructure and is seen the world over as safe, reliable and efficient. With strong economic fundamentals and financial institutions, Singapore provides certainty and predictability for businesses and investors.

Historically, Canada and Singapore have focused on different things. However, IT and telecommunications have recently dominated the development agenda for both countries. It seems certain that as Singapore shifts strategies to continue to compete globally, the main sectors of opportunity for Canadian businesses are likely to be in information technology, electronic products, agri-food, aerospace and defence, and the life sciences.

As Singapore becomes a trade and business hub for Asia, concurrently it is also building a larger international network extending beyond the Association of Southeast Asian Nations (ASEAN). Singapore is situated in the heart of Southeast Asia, a vital location to tap the Asian market. China, India and Australia all lie within a seven-hour flight. Recently, Singapore completed trade agreements with New Zealand, Japan and the European Free Trade Association. Singapore is also currently discussing Free Trade with Canada, the United States and Australia. As many Canadian businesses have interest in obtaining access to its hinterland, Singapore is an ideal place to set up and provide an excellent opportunity to establish a foothold in the region and to diversify their base of trading partners.

The Canada-Singapore Business Association

The Canada-Singapore Business Association (CSBA) is a proactive, non-government body which represents a wide range of business interests in Canada, Singapore and the region.

Our mission is to be the catalyst for promoting meaningful exchange between Canadian and Singaporean business communities. Our purpose is to develop an environment that fosters commerce, facilitates investment and focuses on economic relations between Singapore and Canada. We strive to best promote the interests of our members and convey their views to decision-makers in industry and in government. Accordingly, our pledge is to work tirelessly to create the opportunities that can add real value to our membership through our extensive program of publications, seminars and events. Since its inception in 1983, the CSBA has grown into one of the larger national business associations in Singapore, with approximately 300 members.

Our members include anyone interested in making business contacts and developing business opportunities between Singapore and Canada. Open to both Canadians and non-Canadians, our members represent businesses of every size and across the widest spectrum of activities, from large multinational corporations to small, independent businesses.

Information is the key to the success of any business. The Canada-Singapore Business Association can play a vital role in your access to information by putting you in touch with other like-minded business people. Through its affiliation with other Canadian business associations and chambers in Asia, CSBA also provides access to more than 3,000 contacts in the region.

Association Benefits and Activities

CSBA presents and organizes a variety of activities that allow our members to broaden their business contacts, promote their companies and learn more about issues that affect their businesses. Members realize real benefits through their participation in our extensive programs:

- Networking opportunities with business people from Canada, Singapore and other countries in the region.
- Regular meetings, either breakfast forums, luncheons or evening events,



BY
CLINTON G. CHENG

with prominent and influential leaders from both Canada and Singapore in the private and public sectors. Previous speakers include the Prime Minister of Canada, the Chairman of the Singapore Economic Development Board, cabinet ministers, university presidents and industry leaders.

- Opportunity to participate in committees and working groups responding to issues affecting you and your business.
- Make your voice heard as part of an influential business organization that takes your message and concerns directly to policy makers.
- Opportunity to attend our prestigious events such as an annual golf tournament, formal dinners and casual mixers.
- Industry specific events that target like-minded individuals and provide an opportunity to share and discuss the latest information and trends related to their business environment.
- Various joint events with the Canadian High Commission, the Canadian Association of Singapore, the Canadian Alumni and other Single Nation Chambers and Business Groups.
- Proud supporters of Canadian cultural events and performances such as the Cirque du Soleil, Les Ballets Jazz de Montreal and Second City Comedy Zone.
- Opportunity to promote and market your products, services and company through the CSBA magazine, directory, Web site and on-going program of events.
- Associate membership and access to the other Canadian Chambers and Business Associations in Asia (CCBA) and the Canadian Chamber of Commerce in Canada.

Clinton G. Cheng is Executive Director of the **Canada-Singapore Business Association**. He may be reached at: 30 Raffles Place, #23-00 Caltex House, Singapore 048622, Tel. 65.6438.8328, Fax 65.6438.8329, Email <ClintonGCheng@CanadaHouse.org.sg>, Web site <www.CanadaHouse.org.sg>.

RESIDENCY REVISED



By Tony Schweitzer and Graham Turner

CCRA's IT-221R3 Bulletin

Under the Income Tax Act (Canada) (ITA) an individual who is resident in Canada is subject to Canadian income tax on worldwide income. An individual is resident in Canada if the individual is ordinarily resident in Canada. An individual may also be resident in Canada under certain deeming provisions of the ITA. One such provision deems residence in Canada throughout a calendar year if the individual has "sojourned" (i.e., stayed temporarily without being a resident) in Canada for a total of 183 days or more in a calendar year.

The Canada Customs and Revenue Agency (CCRA) has published its revised interpretation of the law in Interpretation Bulletin IT-221R3. This article briefly outlines the current views of CCRA relating to the determination of residence; however the views of CCRA are not always necessarily supported by the law.

The leading Canadian case on residence is *Thomson vs. Minister of National Revenue* where the Supreme Court set out the general principles determining the residence of an individual, stating that "residence is chiefly a matter of the degree to which a person in mind and fact settles into or maintains or centralizes his ordinary mode of living with its accessories in social relations, interests and conveniences at or in the place in question."

Thus the question of residency is one of fact and depends on the specific circumstances of each individual.

CCRA states that the most important factor to be considered in determining whether an individual who leaves Canada remains a resident of Canada is whether that individual maintains residential ties with Canada. The residential ties of an individual that will usually be significant residential ties are the locations of the individual's: (a) dwelling place, (b) spouse/common-law partner, (c) dependents.

As regards the dwelling place, CCRA states that an individual who leaves Canada but keeps a dwelling place in Canada available for occupation (whether owned or leased) maintains a significant residential tie to Canada. However, it will not consider a dwelling to be a significant residential tie (except when taken together with other residential ties) if the individual leases the dwelling place to a third party on arm's length terms. CCRA will take into account all of the circumstances including the relationship between the individual and the third party, the real estate market at the time of the individual's departure, and the purpose of the stay abroad.

CCRA states that if an individual who is married or co-habiting with a common-law partner leaves Canada, but the spouse/common-law partner remains in Canada, then that spouse/common-law partner's presence in Canada will usually be a significant residential tie to Canada. However, where an individual is living separately and apart from his or her spouse/common-law partner prior to leaving Canada by reason of a breakdown of their marriage/common-law partnership, that spouse/common-law partner will not be considered to be a significant tie to Canada.

Dependents will usually be considered to be a significant residential tie to Canada.

The primary ties are reviewed separately and any one of them could cause an individual to be a resident of Canada.

Secondary residential ties are looked at collectively in order to evaluate the significance of any one such tie. These secondary ties are the following:

- (a) Canadian personal property (such as furniture, clothing, automobiles and recreational vehicles);
- (b) Canadian social ties (such as memberships in Canadian recreational/religious organizations);
- (c) Canadian economic ties (such as employment with a Canadian employer and active involvement in a Canadian business, Canadian bank accounts, retirement savings plans, credit cards and securities accounts);
- (d) landed immigrant status or appropriate Canadian work permits;
- (e) Canadian hospitalization and medical insurance;
- (f) Canadian driver's licence;
- (g) Canadian vehicle registration;
- (h) a seasonal dwelling place in Canada or leased dwelling place;
- (i) a Canadian passport;
- (j) membership in Canadian unions/professional organizations.

In addition, there are other limited secondary ties which may be taken into account by CCRA including a Canadian mailing address, post office box, safety deposit box, personal stationery (including business cards) showing a Canadian address, as well as Canadian telephone listing and newspaper/magazine subscriptions. CCRA states that while these ties are of limited importance

they may create a residence when taken together with other ties.

CCRA states that where an individual has not severed all residential ties but is physically absent for a considerable period of time (that is for a period extending over several months or years), it will focus on such factors as:

- (a) evidence of intention to permanently sever residential ties to Canada;
- (b) regularity and length of visits to Canada;
- (c) residential ties outside Canada.

As regards evidence of intention to sever ties to Canada, CCRA will look to an individual's employment contract to assist in this determination. If the individual's return was foreseen at the time of departure, CCRA will attach more significance to the individual's remaining residential ties.

In determining whether an individual intended to permanently sever all residential ties, CCRA will determine whether the individual took account of and complied with the provisions of the ITA dealing with the taxation of persons ceasing to be resident and persons who are not resident in Canada. (These will be discussed in a later article.) Also relevant is whether an individual informed Canadian residents making payments to that individual that the individual was a non-resident of Canada, thereby subjecting some payments to non-resident withholding tax.

CCRA will also look to the nature of visits to Canada while abroad in order to determine whether an individual has maintained secondary residential ties to Canada.

Finally, with respect to residential ties elsewhere, CCRA will review the residential ties that an individual has to another country in order to determine the strength of residential ties to Canada. It is therefore important to ensure that residential ties to another country are strong.

Bulletin IT-221R3 contains a number of changes from the previous Bulletin, including the following. CCRA states that there is now no particular length of stay abroad that necessarily results in an individual becoming a non-resident and so the "two-year rule" has been removed. Under the two-year rule, CCRA presumed, subject to other factors, that an individual who was absent from Canada for two years or longer was a non-resident of Canada. Also, CCRA will now issue rulings as to residency. Perhaps the most noticeable change is that the possession of a Canadian passport is viewed as a secondary tie to Canada. This is questionable, based on the recent case law.

While the Courts have enunciated primary ties and secondary ties as determinative of an individual's residence, it appears that CCRA's approach is to elevate the status of certain secondary ties in determining residency. While CCRA says it would be unusual for a single secondary residential tie with Canada to be sufficient to make an individual a resident of Canada, the unanswered question is how many and which secondary ties are the ones that will create a residential tie to Canada.

Tony Schweitzer and **Graham Turner** are lawyers with the firm of **Fraser Milner Casgrain LLP**, based in Toronto. Tony Schweitzer may be contacted at: Tel. 416.863.4407, Fax 416.863.4592, E-mail <Tony.Schweitzer@fmc-law.com>, Web site <www.fmc-law.com>. Graham Turner may be contacted at: Tel. 416.863.4403, Fax 416.863.4992, E-mail <Graham.Turner@fmc-law.com>, Web site <www.fmc-law.com>.



COMMENTARY BY GARRY DUNCAN

RESIDENCY REVISED

Does Canadian Citizenship = Taxation?

Caught your attention? Good. Read on. Our current tax laws contain no reference to taxing Canadians on the basis of citizenship. However, over the years, urban myths have circulated regarding Canada's alleged attempts to change the laws and tax Canadians based on citizenship rather than residency.

Inquiries to the International Tax Services Office (ITSO) have always brought vehement denial of both the practice and the thought of changing the laws. Fortunately, these fears that frequently spread throughout the Canadian expat community were nothing more than ill-founded rumours.

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Contacts:

Tony Schweitzer
tony.schweitzer@fmc-law.com
416-863-4407

Graham Turner
graham.turner@fmc-law.com
416-863-4403

Jules Lewy
jules.lewy@fmc-law.com
416-367-6810



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So why, you might ask, are we suggesting that taxation by citizenship may now exist? There have been no legislative changes to support our concern. However, taxation of individuals can change without the passage of legislation. This can arise from court cases and assessing changes by the Canada Customs and Revenue Agency (CCRA) following from those cases.

Regardless of the reasons, CCRA has now indicated that citizenship is relevant when they consider whether an expat continues to be taxed as a resident or classified as a non-resident. The announcement of this change was accomplished with little fanfare or warning through the release of the new and improved IT-221R3 bulletin in December 2001.

In an expanded list of residential ties to Canada, IT-221R3 now lists having a Canadian passport as a secondary tie. Now, maybe having a passport or being a Canadian citizen was always considered a secondary tie and no one thought about it. However, earlier versions of the same Interpretation Bulletin contained no mention of either factor.

Next, let's shift to the newly revised form NR73 (01), the questionnaire CCRA uses to make a determination of residency. Under "Ties in Canada," it asks if you will have a valid Canadian passport. The very next question asks whether you will renew your Canadian passport when it expires. The questions seem innocent enough until you realize that each appears to represent a tie.

How many ties will CCRA tolerate before they deny your non-resident status? What weight or importance do they attach to each ticked tie? Previously, we were advised by ITSO that one

could have four or five of these so-called secondary ties without causing a problem. Neither IT-221 nor NR73 previously referred to passports and/or the renewal of same as being ties. Which brings us back to our initial concern: Has Canada started to tax Canadians because of their citizenship?

While we have no proof, evidence has surfaced in several recent assessments. The list of the ties that made one Canadian a resident included reference to a passport. The majority of expat Canadians have passports and will renew them.

It is apparent that CCRA will continue to revise and expand its list of ties. In fact, we would not be at all surprised if the next revision of NR73 includes the question: "Will you continue to speak Canadian, eh?"

Kidding aside, the recent revisions to IT-221 and NR73 create enormous concerns not only for the hopeful future-expat, but also for those who have already severed their ties.

In conclusion, CCRA's attitude appears to have shifted regarding who will be considered a non-resident. Citizenship, as demonstrated by possession of a Canadian passport, will be counted as a secondary tie when the agency determines an individual's residency status. We can only hope that CCRA will apply equity and fairness when they administer the taxation of Canadians under these new secondary ties.

Garry R. Duncan, C.A., CFP is a Tax Partner with **BDO Dunwoody LLP** in Toronto, co-author, with Elizabeth J. Peck, of the book *Canadians Resident Abroad*, and a member of CRA Magazine's editorial board. He may be contacted at: Tel. 416.369.3062, Fax 416.865.0887, E-mail <gduncan@bdo.ca>.

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Talk with **Garry Duncan**, Co-author of *Canadians Resident Abroad*, at **416-369-3062**.

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BY STEPHEN W. GREEN

THE Maple Leaf Card FOR Immigrants to Canada

Citizens of other countries who immigrate to Canada and are granted what is now called “permanent resident” status (what used to be called “landed immigrant” status) may wish to travel abroad for the purposes of visiting family, employment or taking care of business interests. A “permanent resident” is a person who has been granted lawful permission to establish permanent residence in Canada and is not a Canadian citizen.

Until recently, where permanent residents spent longer than six months outside of Canada, they were required to apply for a “returning resident permit” or risk losing their right to enter Canada. Under Canada’s new Immigration and Refugee Protection Act, which came into force in November 2001, the rights and obligations of these individuals has been significantly amended. The burden of obtaining a returning resident permit has been eliminated, but there are new physical residency requirements. A new identification document - the “Maple Leaf Card” - has been introduced.

The previous physical residence requirement stipulated that an individual must spend 183 days in a 12-month period in Canada. The new requirements are less onerous and viewed as more favourable by permanent residents. A permanent resident will now have to be physically present in Canada for a total of at least 730 days in a five-year period, unless they fall under a list of exemptions.

The exemptions include individuals who were outside Canada accompanying a Canadian citizen who is their spouse or common-law partner, or, in the case of a child under 21, their parent; individuals who were outside Canada employed on a full-time basis by a Canadian business or in the public service of Canada or a province; individuals who were outside Canada accompanying a permanent resident who is their spouse or common-law partner or, in the case of a child under 21, their parent, who is employed on a full-time basis by a Canadian business or in the public service of Canada or a province.

At examination, individuals who have been permanent residents for less than five years will be required to demonstrate that they will be able to meet the residency obligation with respect to the five-year period immediately after they became a permanent resident. Those who have been permanent residents for five years or more must demonstrate that they have met the residency obligation in respect of the five-year period immediately preceding the examination. Finally, an officer may make a determination that humanitarian and compassionate considerations, taking into account the best interests of a child directly affected by the determination, justify the retention of permanent resident status, despite any breach of residency obligation prior to the determination.

A very positive component of the exemptions from the physical requirements is the situation where time spent abroad on behalf of a Canadian business will be deemed to be time spent in Canada for the purposes of maintaining one’s permanent resident status. In the explanation of the proposed Regulations (October 2001), the Department of Citizenship and Immigration stated that they wished to define “Canadian business” in this context in an extremely broad, inclusive and flexible definition. They hoped to include full-time employment abroad in situations involving intra-company transferees, assignments abroad to other than direct affiliates of Canadian companies, temporary postings or assignments by Canadian organizations or businesses.

Draft regulations, issued June 11, 2002, define a Canadian business as:

- (a) a corporation that is incorporated under the laws of Canada or of a province and that has an ongoing operation in Canada;

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- (b) an enterprise, other than a corporation described in paragraph (a), that has an ongoing operation in Canada and (i) that is capable of generating revenue and is carried out in anticipation of profit; and (ii) in which a majority of voting or ownership interests is held by Canadian citizens, permanent residents, or Canadian businesses as defined in this subsection, or
- (c) an organization or enterprise created by the laws of Canada or a province.

The Regulations further stipulate that a Canadian business does not include a business that serves primarily the purpose of allowing a permanent resident to meet their residency obligations while residing outside of Canada.

The Minister of Citizenship and Immigration has announced that all permanent residents will be required to obtain a Maple Leaf Card in order to identify themselves as permanent residents when abroad. Individuals will be required to provide a confirmed residential address in Canada within 180 days following their first entry into Canada; the card will then be forwarded to that address.

There will be no fee for the first Maple Leaf Card as the department will increase the application fee for permanent residence by \$50 (Cdn) to cover this cost. One of the main difficulties with the issuance of the Maple Leaf Card will be the processing time needed. Applicants who must travel within a short period of landing in Canada will not be permitted to do so until they receive their Maple Leaf Card.

All permanent residents will be required to obtain the Maple Leaf Card after June 28, 2002, if they wish to travel abroad. There will be a transitional period for a brief time exempting existing permanent residents from having the card. The period will extend to December 31, 2003. Thus we encourage all to obtain the Maple Leaf Card.


The Maple Leaf Card will have an expiry period of five years. Permanent residents who wish to travel abroad will be required to use the Maple Leaf Card to identify themselves to transportation companies; individuals who do not have a valid Maple Leaf Card will be denied entry onto aircraft.

Permanent residents who are outside of Canada and do not have a Maple Leaf Card will be required to obtain a travel document from a Canadian Embassy abroad. Travel documents will be provided to all who meet the residing requirements. If these individuals do not meet the residency requirements, have been in Canada at least once in the last year, and are appealing a loss of residency determination, they, too, will be provided with a facilitation document. Once these people enter Canada, there will be a determination on whether they can obtain the Maple Leaf Card.

The Act provides the right of appeal for those individuals who have not met the physical presence requirements, resulting in a refusal of a travel document to return to Canada. Individuals will no longer have the absolute right to an oral hearing before the Immigration Appeal Division and will be required to provide all appeal documentation in writing in order for the Immigration Appeal Board to consider an appeal. An exception is made for appellants from visa-exempt countries who will be able to board aircraft and appear at ports of entry where an immigration officer will be

required to permit them to enter. Thus, it appears that appeal rights exist for some nationalities and not for others.

Stephen W. Green, B.A., LL.B., is a Partner at **Green and Spiegel** and certified by the Law Society of Upper Canada as a Specialist in Immigration Law. He may be contacted at: Tel. 416.862.7880 ext. 247, Fax 416.862.1698, E-mail <stepheng@gands.com>, Web site <www.gands.com>.



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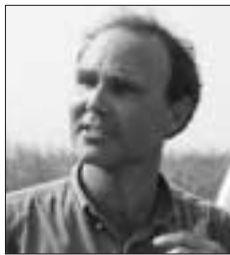


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BY DR. MARK WISE

Your Travel Meds

HONEY, LET'S TAKE THE KIDS!

Travelling with children certainly presents its challenges, but many parents refuse to go anywhere without their young ones. I suppose some have no choice! Of course these challenges will vary, depending on the nature of your travels - and the nature of your children! The rewards usually outweigh the trials and tribulations and you, the parents, will require patience, flexibility, some hard work and a sense of humour. (Even on our long family driving trips to the Baseball Hall of Fame when we were kids, my parents exercised all of these characteristics!)

Perhaps the first thing to keep in mind is that children are not just little adults, they are usually little children. Their endurance, desires and culinary preferences will be different from yours. In order to keep them happy, and hence yourself happy, a few general tips are in order:

- Get the children involved in planning the trip. Help them learn about their destination before they arrive.
- Check out in advance which supplies, such as diapers, car seats or baby foods, you will be able to get abroad, and which ones you should bring from home.
- Take along plenty of their favourite books, toys, stuffed animals, blankets, and lots of batteries!
- Plan outings specifically for the kids. If I am correct, most children do not like museums.

- Remember that children need some unstructured downtime; don't be afraid to leave an afternoon for rest, relaxation, or just horsing around.
- Keep in mind that kids get tired and hungry. When they get that way they get crabby, sort of like we do. While it might be your goal to walk from one end of the Great Wall of China to the other, kids will usually benefit from a short cab ride, a trip in a rickshaw or some time on the back of an elephant.
- Have them keep in touch with friends, relatives and events back home. Suggest that they keep their own journal. Let them take their own pictures.

“the first thing to keep in mind is that children are not just little adults”

Before you take your kids abroad, make sure that their identification papers are in order. If you are travelling as a single parent with your child, a legal document signed by the non-travelling parent should be obtained. Ensure that your travel and medical insurance applies to your children as well as to yourself.

Kids may have the same problems with popping ears during flight as adults. This usually occurs during descent, at which time it might be worthwhile to offer your child some chewing gum, a drink or a breast, if the latter is appropriate. While it might seem like a good idea to sedate that rambunctious son of yours

for the 24-hour flight to Hong Kong, this is not always the best course of action. The effects of sedating medications such as Gravol or antihistamines may be unpredictable. A familiar blanket and stuffed animal might just do the trick.

Motion sickness tends to occur more amongst children between the ages of two and 12. Medications such as diphenhydramine (Gravol) are best given before they are actually necessary. If your child is prone to motion sickness, choose a seat over the wing of the plane or in the front seat of the car. On a boat, have them lie relatively still and stare off at the horizon. Keep them occupied if you can, though reading should be avoided (by the child, not you). Carry a plastic bag just in case!

Travel to lesser-developed countries requires more advance planning. Pre-travel inoculations for diseases such as yellow fever, typhoid, hepatitis A and B, Japanese encephalitis, rabies and meningitis may be required or recommended, depending upon the destination. Other risk factors, such as the duration of travel, the time of year and the “style” of travel should also be taken into consideration. There are lower age limits for most of the vaccines. In spite of what children may try to tell you, they tolerate the vaccines very well. Some Tylenol might be helpful following, or even before vaccination. Bribery is also quite useful!

Malaria is the most important infectious risk to travellers to the tropics, regardless of age, and it can be even more serious in children. Mefloquine (Lariam), is the most commonly prescribed antimalarial, and is usually free of side effects in children. Other alternatives include

Malarone and doxycycline (for those over eight), and chloroquine, in those few areas of the world where malaria is still sensitive to this drug (e.g., Central America, Haiti).

Insect repellents containing DEET may be used in children, but pay attention to the concentration on the product. 35 per cent or less is more than adequate for children, and even adults; for babies, limit yourself to 10 per cent. The repellent should be applied by the adult, being careful to keep it away from children's mouths, eyes and hands. It can be washed off when he or she returns indoors.

Montezuma's Revenge knows no age limits, and it has been shown that little children not only get sicker, but also stay that way longer, and require hospitalization more often than adults for dehydration. Be extremely careful when it comes to what goes into your child's mouth. The ancient Mexican proverb "Boil it, bottle it, peel it, cook it ... or forget it!" should ring in your ears while you are away. Oral rehydration salts (ORS) such as Gastrolyte are ideal for rehydrating a small child with vomiting and/or diarrhea. They are readily available around the world. Breastfeeding should be continued in the presence of vomiting and diarrhea in infants. Antibiotics, such as azithromycin or ciprofloxacin might be worth carrying along if you will be far from decent medical care.

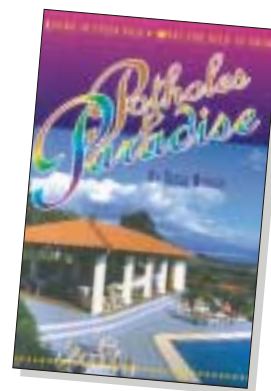
If you are travelling with children, your level of medical expertise should be somewhere between your pediatrician's and your grandmother's! Learn ahead of time how to deal with minor emergencies such as fevers, scrapes, bruises, cuts, minor infections and the like. Anticipate the problems you may encounter, and pack the necessary medications and supplies which you might need.

Of course there are other "dos" and "don'ts" that you need to bear in mind when you take the kids, but most of them are common sense, and apply to adults as well. Don't play with dogs. Cover up and use plenty of sunscreen. Be on guard for the children's personal safety, especially when around water. Even sexually transmitted diseases may need to be considered, depending upon the age of your children. Take a night-light for small children, and outlet covers to use in hotel rooms. The list goes on, but so will your fun.

Not only will you enjoy your children more when you are away from the everyday stresses of home, but they will help enrich your trip by breaking down some of the barriers that might keep you apart from the local people. Life is a collection of experiences, and travelling with your kids will be among the best.

Mark Wise is a Family Doctor who runs the **Travel Clinic** in Thornhill, Ontario. He is the Medical Advisor to Voluntary Service Overseas (VSO), a Canadian non-government organization sending volunteers to lesser-developed countries. His new book, *The Travel Doctor: Your guide to Staying Healthy While You Travel*, is being published by Firefly Books (1.800.397.6192 - Canada, <service@fireflybooks.com>) this fall. Mark Wise may be contacted at: <markwise@rogers.com>.

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Big Steps Forward

THE CANADIAN INTERNATIONAL SCHOOL, SINGAPORE

By Ian H. Deakin

For the first 10 years of operation, the Canadian International School in Singapore (CIS), in typical Canadian fashion, kept a low profile and was appropriately apologetic for what it was not. It was not American, nor was it British. It was not big, nor was its physical plant attractive. It was not pretentious, nor was it exclusive.

Only on a few special occasions each year did the Canadian School community celebrate what it did well: in United Nations Week we celebrated what all people share and the differences among us; in December we acknowledged and promoted the human conditions of caring, compassion and charity; twice each year



we would celebrate our curriculum and our pedagogy and the changes it brings to learning; and in June we would celebrate individual successes – however measured – and bid farewell to our graduates leaving us for post-secondary institutions of their choice.

As we quietly went about our business, people began to take notice. Word spread through the local and expatriate communities in Singapore about the quality of our teachers, the intelligence of our curriculum and the superiority of a pedagogy that accounts for individual learning needs and styles in an active classroom setting. Through this word of mouth, the school began to grow.

Student enrollment at CIS was quite steady through the economic downturn and into the late 1990s. In 1998, when I joined the staff, the student population was just over 650 students. Today, we have





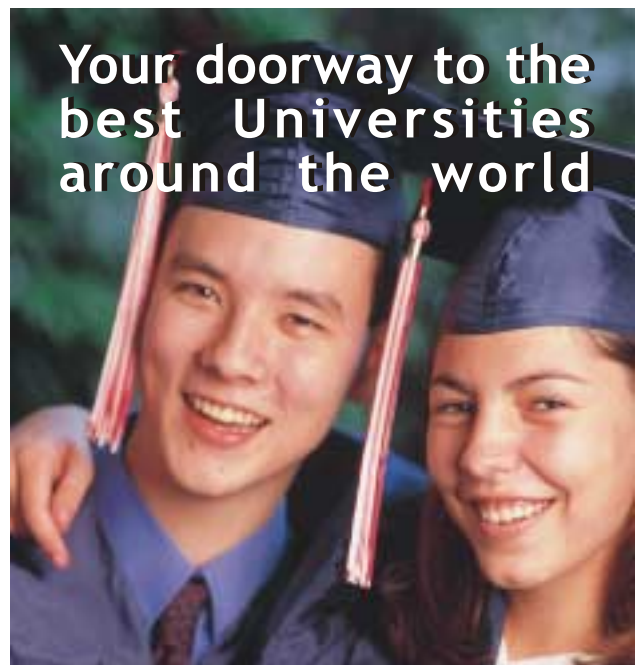
Diploma Program, and will begin offering IB Diploma courses and Middle Years Program (MYP) courses this coming August. In addition, we are in the application phase of the accreditation process with the European Council of International Schools (ECIS) and the National Association of Independent Schools (NAIS). Membership in international organizations like these provides our staff with the highest possible quality Professional Development and a wealth of contemporary educational research. With the endorsement of the Education Ministry in Ontario, the IBO and the ECIS, our graduates can and

nearly 1,100 students. Why? Great teachers, good programs, small classes, great kids, improvements to the physical plant, program innovations and more effective marketing.

Today we operate two campuses in the Bukit Timah area of Singapore. Our Elementary Campus on Toh Tuck Road has been renovated to better meet the learning needs of students between the ages of 3 and 11 years. Our Secondary campus in prestigious Bukit Tinggi provides our

junior and senior high students with a great place to learn. The high school campus features a Laptop Learning Program within a wireless local area network. We are currently designing a \$30-million (SDG) purpose-built facility just down the road from our current Elementary campus to be completed in August 2005. This campus will have a capacity of 1,500 students and will support in every way the high quality learning opportunities provided to our students.

CIS has recently been accredited by the International Baccalaureate Organisation (IBO) for the



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Recently, a group of very influential educators asked for our involvement in a project to redesign early childhood education in Singapore. We were flattered that from all the models available in Singapore, they chose ours. We established the Learning Society in Singapore with the mission of "improving the quality of life through enhanced educational opportunities for all." We opened our first Learning Ladder Kindergarten and Childcare in May 2001.

This past January we celebrated the opening of our third Learning Ladder. "Schoolhouse by the Bay" is a joint venture partnership between our Learning Society and the People's Association. In the "Schoolhouse" we are involved in the education of children, teacher pre-service, and parent education. The Schoolhouse Project has given us the opportunity to build bridges between the

expatriate and local communities, and to make a difference in the lives of young Singaporeans.

What's next? Like most businesses presently operating in Southeast Asia, we recognize the great opportunities in China. Currently we are working to establish schools in Shanghai and Hangzhou. With the support of the High Commission in Singapore and the Consulate in Shanghai, we hope to raise the Maple Leaf, and with it Canada's profile, throughout Eastern China. Hopefully, we will have the opportunity to provide educational opportunities of the highest possible quality to your sons and daughters after you join us in this part of the world!

Ian H. Deakin is Head Principal and CEO, **Canadian International School**, Singapore. He may be contacted at: Tel. 65.467.1732, Fax 65.467.1729, E-mail <admissions@cis.edu.sg>, Web site <www.cis.edu.sg>.



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BY FRANK O. MARTIN

Moving Right Along...

MOVING WITH CHILDREN

One of the chief concerns for many Canadians moving overseas is preparing their child or children for the new life that awaits them. Being uprooted and starting over in a foreign land is a stressful process for anyone, but when you're "just a kid" the challenges and demands for adaption can be formidable. Careful pre-planning, however, can reduce much of the anxiety. Here are some moving tips to smooth the transition for your expat-to-be offspring.

Involve the Kids

Let children know about your move as early as possible. The more time they have to adapt to the idea, the better. Once your new life is on the table, include

children in the planning whenever you can. These discussions offer the continuing opportunity to build positive excitement and interest in the adventure the family is undertaking.

Check It Out

If at all possible take the children on a mini-vacation to the new city or place before you make the move. Take in sights the kids would like. While visiting, stay in hotels or other accommodation that are child-friendly.

Schooling, whatever the level, will be of major importance to children once you arrive. If possible, arrange to visit the children's new school, perhaps observe the activities of a regular school day. Note the student fashion styles and pick up whatever you can of the school culture.

A complementary exploration is to discover the parks and sports and recreational facilities in the area where you will be living. These are easy places for the children to make new friends while burning up some energy! You can

also meet other parents who may be able to give you local information that can make adapting to your new life a lot easier.

Getting a feel for "the whats and hows" of your new home eliminates a lot of unknowns, reducing anxiety.

Research

If a visit is not possible, research the new location on the Internet, in magazines and books. Cut out pictures and get the whole family involved in a picture collage of the new city or place. Once again, schools should be a focus: many can now be researched on the Web.

Word Games

If you are moving to a country where a different language is spoken, create a game with the kids by starting a vocabulary/phrase list in the new language. This growing collection can be stuck on the fridge or bathroom walls. Use simple words and phrases that children can practise aloud, and that will be immediately useful on arrival. Add new words and phrases every few days.

Decisions, Decisions

When selecting what to leave behind and what to take to the new destination, once again involve the children.

With younger children toys are an issue - deciding which ones they have outgrown and can leave behind, which ones they can't live without.

One of the most important items is a child's favourite toy which acts as a comforting "security blanket" in new surroundings.

Through this process don't mislead children about what the new life is going



LEAVING THOSE BELOVED TOYS THAT SHE HAS OUTGROWN MAY BE HARD



WISH YOU COULD COME TOO

to be like, or make promises that you can't keep. Explain to them that everyone in the family has to share in the compromises the move entails, and that you need their help and cooperation.

Babies

If you have a baby, consider that some countries probably won't have the particular brand of baby formula or diapers you've been using and that the cost in duties and taxes of shipping a large quantity of these items to the new country could be prohibitive. Instead, ask your moving consultant to determine the cost of shipping necessity items by Air Cargo. This is a wonderful benefit that some companies provide to the relocating family. Think also of packing prescription medicines for the family that you might not be able to get right away, and a first-aid kit including familiar everyday medicines that your children are used to.

For further information on traveling with baby, try the Internet under: <www.babycenter.com>.

Ready to Wear

Weather can also surprise you. If you're moving to a country with four seasons, think ahead. You may arrive in the fall appropriately clad, but face an early winter before the container with all

your other clothes arrives. In the case given, layers of clothing and a good windbreaker will help tide you over until your shipment is delivered.

Once again, air shipment can be helpful. This package should not only contain extra clothing items appropriate for the season of arrival, but for the coming season.

Pets

Pets are a very important issue when moving. Children (and adults) may have a particularly hard time leaving Fido or Tigger behind. Some countries have become more lenient in accepting family cats and dogs in recent years. But many countries don't allow the importation of

any animals. In the latter case, explain to the children that this is for the well-being of the pet. As for more exotic pets such as turtles, snakes, lizards, rabbits and so forth, explain from the start that these friends cannot make the trip. You can always suggest the option of acquiring replacement pets of this variety once you're settled in your new home.

Boxes of Fun

A final hint for both packing day at origin and delivery day at destination: big moving boxes make great toy houses! Make a couple of big boxes available to the kids and they will entertain themselves while the movers work. And if your kids like to write or draw or paint, encourage them to record aspects of the move. The "diary" the children create will be treasured in years to come, meanwhile keeping them occupied while the confusion of moving occupies you!

If you have experiences or ideas about moving with children that could help other parents, please write to us at AMJ Campbell International.

Frank O. Martin is Director, Corporate Sales, **AMJ Campbell International**. He may be contacted at: Tel. 905.670.6683, Fax 905.670.6684, E-Mail <fmartin@amjint.com>, Web site <www.amj-international.com>.



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