

In April 1988, the Korean government set up an overseas investment information office in the Export-Import Bank of Korea (EXIMBANK) to provide overseas investment information and counselling services to Korean firms. Korean trading companies were given access to \$2.5 billion in foreign exchange funds to finance imports. The threshold for automatic approval of all Korean foreign investment proposals was raised from US\$ 200,000 to US\$ 500,000; in February 1989, this was raised to US\$ 2 million, and authorizations for investments over that amount are usually received within a week. In addition, there are no restrictions on business type or countries open to direct investment (formerly investment was restricted to natural resource projects). In 1989, US\$ 150 million was made available through EXIMBANK to provide financial assistance for overseas investment projects, an increase of 300% over the funds available in 1988.

However, with a shrinking current account surplus in 1990, the main economic rationale to increase the outward investment flow has diminished. There are announcements that the Bank of Korea and the Ministry of Finance will place each outward investment application under greater screening. In an announcement on April 26, the Bank of Korea noted it would tighten foreign currency holdings by banks, limit individual's investment abroad and tightly control corporate investments.

The Bank of Korea places total committed investment to Canada at US\$ 167 million, with an additional US\$ 83 million approved over 1988-89, but not yet invested. Canada is host to 10% of total Korean foreign direct investment and approximately one quarter of total Korean investment in North America (US\$ 1,013 million - approved basis). This is a favourable trend which we would hope to maintain as Korean investors generally have been positive on their investment experience in Canada. Canadian visa requirements however, have been the subject of complaint as they are seen as slowing personnel transfer.

The Korean Ministry of Finance reports that from 1968 to April 1, 1989 there were 899 cases of overseas investment, valued at US\$ 1.44 billion, and there are an additional US\$ 922 million approved by the Bank of Korea in 217 new projects. Forty-two percent of total approved investment is in North America and 25% in Southeast Asia. Over 25% of the total is in mining, with 38% in manufacturing.