

ration and development. The opening of the East China Sea and onshore areas to foreign exploration and production will play a significant role. Offshore and Tarim Bay discoveries will lead to future investment in production and pipeline extension projects. Canadian strengths lie in the areas of heavy oil, sour gas, normal crude and gas processing, pipeline design and cold weather operations.

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## **Korea and East Asia**

### **Introduction**

Consisting of South Korea, Taiwan and Indochina (Vietnam, Laos, Cambodia and Burma), the Korea and East Asia region is one of the fastest-growing economic areas in the world. South Korea, Canada's sixth-largest trading partner, receives the lion's share of Canadian exports to the region, with two-way trade totalling \$4.7 billion.

Developments in the region, specifically of Korea's and Taiwan's ascension into the ranks of the industrialized and developed nations, have necessitated a rethinking and reorganization of Canadian objectives and strategies, to keep abreast of the transitional nature of these two economies.

### **Business Environment**

As liberalization takes hold, the business climate for Canadian companies will improve significantly in both Korea and Taiwan. There is still much progress to be made in this area, but the introduction of a five-year economic plan in Korea aimed at reducing government interference in the economy will provide Canadian goods and services suppliers with opportunities in this increasingly lucrative market.

In Taiwan, the economy is forecast to grow by between 6 percent and 7 percent per annum for the next three years. The engine of growth is proving to be the US\$250-billion National

Infrastructure Development Plan. There are currently over 40 Canadian companies pursuing close to 60 projects worth over \$6 billion.

In both Korea and Taiwan, there is a prevailing mood of having "arrived" as economies. As a testament to this new-found prosperity, both Taiwan and Korea are now among the leading investors in Asia, particularly in Vietnam, whereas only a generation ago, they were the recipients of such from Western nations. With greater disposable income and more leisure time, Korean and Taiwanese citizens are aspiring to a better quality of life accompanied by increased demand for consumer products and services.

Vietnam, however, is in a different category. It is a country that has just recently taken the first steps toward development. The restoration of full diplomatic relations with the United States and its recent accession to the ASEAN has capped the country's effective entry into the international community. The affirmation of Vietnam's status with the International Monetary Fund (IMF) has triggered large-scale aid flows both bilaterally and with the World Bank and the Asian Development Bank. Aid pledges from all sources are in the order of \$2 billion annually. This, coupled with the announcement by the Vietnamese government of the need for \$9 billion in foreign investment has created a heady, gold-rush atmosphere with the lure of great profits. With the state-sanctioned doctrine of "doi moi" (renovation) and the easing of business regulations, there is significant potential for Canadian companies in Vietnam. Recent developments must, however, be tempered by reality. Vietnam remains a socialist state with limited capital at its disposal. Its bureaucracy is burdensome, its people largely unfamiliar with accepted business practices, and despite all the recent attention, the current state of infrastructure is incapable of sustaining large-scale economic activity.

Cambodia and Laos are small, poor countries recently opening to foreign investment. Cambodia has embraced a free market economy, while Laos, like Vietnam, is a socialist state embarking on market reforms.

### **Market Opportunities**

Canada maintains a good trading relationship with the region. There is, nevertheless, further potential to expand market share in a variety of well-targeted industries, particularly in Korea, Taiwan and Vietnam.