

## OPPORTUNITIES IN KOREA

**K**orea is one of the developing world's biggest success stories. Since the 1950s, it has transformed itself from a poor, agricultural national to a modern economy fuelled by exports. In 1995, the Korean economy grew by 8.7 per cent. An average annual growth rate of 7 per cent is predicted until the year 2000. Korea's gross domestic product (GDP) in 1995 was estimated at \$615.6 billion.

Since taking office in February 1993, the current administration has carried out a series of measures improving the climate for foreign investment, including liberalization and deregulation of the economy, simplification of procedures and financial assistance. By the year 2000, nearly all sectors in Korea will be open to foreign investment. Foreign universities will be allowed to set up campuses in Korea in 1998.

### Trade and investment

The dynamic growth of Korea's domestic market makes it a most lucrative investment destination. Foreign investment has increased by a large margin each year since 1993. In 1996, US\$3.2 billion was invested in Korea, a 64.8 per cent increase from 1995. Making Korea's business environment more conducive to foreign investment is high on the government's agenda.

The Canada-Korea Special Partnership was announced by Prime Minister Jean Chrétien and President Kim Young Sam at the 1993 Asia Pacific Economic Co-operation (APEC) Leaders' Meeting. The partnership is designed to forge closer co-operation in areas of trade, investment and industrial and technological co-operation. It has also fostered closer collaboration in international fora such as APEC and

the World Trade Organization (WTO) and was instrumental in Korea's accession, in late 1996, into the ranks of the Organization for Economic Co-operation and Development.

The two leaders announced, in October 1995, their support for the establishment of a Canada-Korea Forum. The forum held its first meeting in November 1996 to discuss ways to promote mutual understanding and to deepen and broaden the bilateral relationship.

Canada's trade relationship with Korea continues to gain momentum. With two-way trade at almost \$6 billion in 1995, Korea is Canada's third most important export destination in the Asia-Pacific region and sixth-largest export market in the world. The Korea market presents growing opportunities in areas of Canadian expertise, including energy, oil and petrochemicals, transportation, defence, aerospace, construction services and materials, and computers.

### Transportation equipment and services

Opportunities exist for Canadian companies in the automobile sub-sector, particularly in the provision of maintenance equipment where there are insufficient or inadequate domestic suppliers. Because of

recent trade liberalization initiatives, the Korean market will become open to imported automotive products, generating opportunities for Canadian companies in the aftermarket. Korean manufacturers will also be interested in joint venture initiatives with Canadian companies to give them greater access to North American technology.

### Energy and natural resources

As the Korean economy grows, it will continue to present opportunities for Canadian metal and mineral exporters. The demand for coal is expected to grow by at least 15 per cent over the next two years. The market for potash is expected to increase.

Opportunities also exist for Canadians in the growing import market for thermal power generation equipment and liquefied natural gas equipment. Foreign technology and equipment are needed to complement current Korean capabilities and to stimulate local technical development.

Korea is one of the world's largest importers of forest products, and the market is expected to grow. Currently, Korea needs a sustainable supply of unprocessed wood from other countries to cope

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