Manufacturing

Fully manufactured products comprise less than 8 percent of Canadian exports to Korea. The Canadian government is committed to rectifying this imbalance in the composition of our trade. To this end the government sponsored "Canada Week" in Seoul in March 1988, a smaller event in March, 1990, and a "Canada Business and Technology Week" in November, 1990. A similar event is scheduled for November, 1991. These events highlight Canadian capabilities in the high tech, electronics and aerospace sectors. Incoming and outgoing missions, supported by government programs, are occurring in the aerospace, defence products, biotechnology, autoparts, energy, telecommunications, instrumentation and processed food sectors. The Korean response to these initiatives appear to be positive.

While details of purchasing programmes and budgets are considered confidential, we estimate defence products valued at $700 million are imported annually. These are concentrated in products which Korea cannot yet manufacture such as communication, command and control systems, reconnaissance and data acquisition systems, and aerospace (including new helicopter, fighter aircraft and transport aircraft procurement programmes). Military contracts usually require a minimum 50 percent offset arrangement with a further preference for local content and the transfer of technology.

The biotechnology industry in Korea is relatively young but experiencing rapid growth. Currently, approximately 60 Korean companies are engaged in developing and/or utilizing biotechnology, with the emphasis on health care, food and agriculture. This industry is expected to grow by 20 to 25 percent per year over the next decade.

The Korean automotive parts and components market totalled over $6 billion in 1989. Of this, $600 million were imported. Canadian exports of autoparts amounted to less than $10 million. The opportunities to supply automotive parts to Korea are good at this point in time, however, only a few Canadian companies have made the investment in time and money. Korean government policy is encouraging domestic automakers to source components from countries other than Japan. Canadian suppliers have the opportunity to capitalize on this shift. To further expose Korean industry to Canadian capabilities, an automotive parts mission will visit Korea in early November.

On the nuclear energy side, the Korean authorities and Atomic Energy of Canada Limited (AECL) have reached an agreement to build a second nuclear reactor at Wolsung using CANDU technology, dry spent fuel storage facilities, the Korea Multi-Purpose Research Reactor (KMPRR) and the Slowpoke reactor.

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