

Canada has become an increasingly popular tourist destination for Koreans

- To promote Canadian high technology companies as potential candidates for joint technology development, strategic alliances and technology transfer arrangements;
- To promote Canada as a site for the semiconductor industry;
- To promote Canadian expertise in infrastructure development for use in Korea and, through partnerships with Korean firms, in third countries by providing principal contractors with specialty products and services;
- To promote Canadian education and corporate training services.

Background

Canada's trade relationship with the Republic of Korea continues to gain momentum. When two-way trade reached almost \$6 billion in 1995, Korea was Canada's third most important export destination in the Asia Pacific region and sixth largest export market in the world. Canadian exports rose by 24.2 per cent in 1995 to \$2.7 billion — their highest level ever. Imports from Korea increased 28 per cent over the previous year to \$3.2 billion. We anticipate that two-way trade will continue to expand.

Major Canadian exports to Korea include coal and mineral fuels, pulp, organic chemicals, grains and cereals, aluminum products, paper, iron and steel, fertilizers, energy equipment, telecommunications equipment and aerospace products.

Major Canadian imports from Korea include electronic equipment (computers, televisions, VCRs), vehicles and parts, clothing, footwear and textile products, steel, plastics, chemicals, tools and machinery.

The Korean market presents growing opportunities in areas of Canadian expertise, including agricultural products, oil and petrochemicals, transportation, defence, aerospace, computers, electronics, telecommunications, biotechnology, manufacturing technology, new materials and automotive parts and components.

The Korean telecommunications market alone is currently valued at about \$4 billion and is expected to be worth more than \$16 billion by

the end of the century. The agricultural products' market, which comprises mainly grains and oilseeds, meat, fish and a range of processed food products (including beverages) is currently worth an estimated \$10 billion. With virtually no raw materials and a large industrial base, Korea is also a significant market for coal, aluminum, stainless steel, potash and a wide variety of ferrous and non-ferrous ores — markets Canada is well-positioned to supply. To serve its rapidly growing economy, Korea's electrical generating capacity is expanding by approximately 20 per cent a year upon a base capacity that is greater than that of Ontario Hydro. Canada has supplied four nuclear units to Korea through Atomic Energy of Canada Limited.

The Canada-Korea Business Council is Canada's only national business organization with a specific focus on Korea. The CKBC will play a major role in developing industrial and technological cooperation with Korea.

Tourism

Canada has become an increasingly popular tourist destination for Koreans. In 1994, the number of Korean visitors to Canada rose by 95 per cent over the previous year to over 78,000 travellers.

Investment

Despite recent fluctuations, international investment between Canada and Korea remains an important facet of our trade relationship. Direct investment flows from Canada to Korea, valued at \$166 million, eased somewhat in 1994 (3.8% growth) after recording a phenomenal jump to a level of \$160 million in 1993 (79.8% growth). This is consistent with the trend of the past ten years, where the share of investment from Canada to Korea as a proportion of total direct investment in the Pacific Rim area has increased three-fold.

The same is not true, however, when it comes to Korean direct investment in Canada. After recording a cyclical peak in 1990 of \$312 million, there was a dramatic drop in direct investment flows which led to an actual divestiture of Korean-held Canadian assets in 1993. While there are signs that Korean investment is once again picking up in tandem with the domestic business cycle, present flows in no way rival those of the last Canadian economic expansion.