



STATEMENT

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AN ADDRESS

BY THE HONOURABLE ROY MACLAREN,

MINISTER FOR INTERNATIONAL TRADE,

TO THE

CANADIAN BUSINESS CLUB

IN SEOUL

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I would like to thank Denis Shiflett, your Vice-Chairman, and the rest of the Canadian Business Club for the invitation to speak here today. I am nearing the end of what has been a most interesting and productive visit to Korea.

I understand that this is the first trade minister's visit between Canada and Korea in over two years. There has, therefore, been a sizable amount of business to take care of.

First, I have resumed the pattern of annual trade consultations by meeting with Trade Minister Kim Chulsu; second, I have raised several long-standing issues of market access, particularly in the agricultural sector; third, I have held meetings with Korean business leaders to encourage further two-way arrangements; fourth, I visited the CANDU reactor site at Wolsung—the largest project anywhere in the world featuring Canadian technology; and fifth, I endeavoured to support the efforts of accompanying businessmen to reinvigorate the bilateral Business Council.

However, the main objective of my mission was to advance the concept of a "special partnership" with Korea. This concept had been agreed upon by President Kim Young Sam and Prime Minister Jean Chrétien in Seattle last November. It was followed up in talks with Foreign Minister Han Sun-Joo in Ottawa in February.

Last Friday, I reached an agreement with Minister Kim to establish a Working Group to investigate options for the elaboration of this special partnership. The group's interim report is to be ready in July; the final report will be submitted to ministers in November when we meet at the APEC [Asia-Pacific Economic Co-operation forum] meeting in Indonesia.

The mandate of this group is at once simple and ambitious. It is "to explore various bilateral and multilateral options to promote a more dynamic economic and trading relationship." You may ask: "Why a special relationship with Korea?" Indeed, some Canadians have already asked that question, as have some Koreans.

There are many reasons, in my view. They are based on the good sense it makes for Canada to make a major strategic investment in this relationship. Let's examine the matter in greater detail—why indeed a special partnership with Korea?

First, Korea has enormous potential and promise. There is the undeniable drive and character of its people. There is the growing international presence of its companies. There is the position of Korea as a future entry point into the continental tri-border area (China, Russia, Korea). There is the inevitability of eventual reunification, and the creation of a major middle power as a result.

Second, the perspective Canada and Korea share in their global outlook. We are both medium-sized economies. Each of us lives alongside major powers. We find ourselves highly dependent on trade for our prosperity, and on the integrity of the

multilateral system of trade rules. Canada and Korea possess similar needs for political stability and security, both globally and regionally.

Third, at the other end of the scale, we enjoy extensive bilateral economic complementarities. We have a strong traditional resources relationship, and complementarities in the agricultural sector that we are beginning to explore. That is now joined by the matching of Korean technology needs with Canada's ability to supply those needs.

Finally, there are our shared regional objectives. Both Canada and Korea have strong hemispheric interests, yet both want to maintain transpacific ties. Canada sees its prosperity tied to Asia-Pacific growth. And Korea recognizes that its largest market is North America.

In a speech almost a year ago, Foreign Minister Han noted a number of things. He made clear that Korea's economic and other interests were best served by strong transpacific links. At the same time, however, he warned that if North America showed itself disinterested in this, or became inward-looking in its implementation of the NAFTA [North American Free Trade Agreement], countries such as Korea would have to look at other options.

Minister Han has repeated this theme on several occasions since that time. Indeed, he has added the challenge that the NAFTA, in a sense, prove its openness by accepting the idea of link with East Asia. He has put forward the idea of nations such as Korea and organizations such as APEC playing a leading role in the realization of this link.

What is the Canadian regional view and the role of the NAFTA? The answer is no small challenge in itself. In my view, however, the NAFTA must be looked at as an evolving process. We do need to settle into the NAFTA, but we also need to look to the next steps.

One can look at the NAFTA as a regional trading arrangement, or as the embryonic organization of countries that are ready to go beyond the already substantial disciplines of the new World Trade Organization (WTO) to embrace further free trade.

In this connection, Chile could be an early and welcome new member, but we do not see the NAFTA limited to the Western Hemisphere. Indeed, the NAFTA does not restrict new members to Western Hemisphere countries. The text of the Agreement in respect of accession speaks simply of countries or groups of countries.

Canada, moreover, did not commit itself to free trade with Mexico and the United States in order to join an exclusive or

protectionist trading group. That was not our intent. Canada joined the NAFTA because it believes it can evolve into a wider organization based not merely on proximity, but upon a common commitment to achieve free trade with like-minded countries, and to do so at a faster pace than the GATT [General Agreement on Tariffs and Trade] itself has been able to achieve.

We must ensure that free-trade associations are not only on a north-south axis, but also on an east-west axis. In this regard, I emphasize anew that transpacific economic relations are of the greatest importance to Canada.

Accordingly, we shall work with our Korean friends and other like-minded Asian countries to see how that transpacific axis, so mutually beneficial to Canada and Korea, might incorporate the features of a free-trade association over time.

What are the next steps in building a special partnership between Canada and Korea? The new working group will look at this and will also propose methods of achieving the sort of enhanced co-operation we seek. Multilaterally, the group will look at the role of such forums as the new WTO, the Organization for Economic Co-operation and Development [OECD] and APEC.

Bilaterally, the group will consider how to:

- facilitate access to each other's markets;
- diffuse and jointly commercialize technology; and
- encourage industrial joint ventures.

In the latter area, I have agreed with Minister Kim to create the Industrial and Technology Co-operation Committee. This committee, which will be composed of both government and private-sector representatives, will promote joint activity. I would like to add that any special partnership will be meaningless if it does not engage the energies, experiences and interests of the private sectors of our two countries.

It is in this spirit that I welcome steps taken to revitalize the Canada/Korea Business Council (CKBC). In support of its work, and as part of our new partnership, I am today extending an offer to the Korean side of the CKBC. What I wish to offer is that we organize a high-level, multisector Korean business mission to Canada. This would take Korean chief executive officers across Canada in a program of meetings with top Canadian government and business persons.

This mission would examine the potential for new investments and joint ventures, explore co-operation in third countries, help define the role of the private sector in technology co-operation,

and determine emerging trade opportunities in a changing global and regional environment.

Our goal is the production of a report—a benchmark representing a senior Korean business assessment of Canada as a trade and investment partner. The mission might occur in conjunction with the next joint Council meeting this autumn in Canada.

I have spoken of trade and economic ties, but the "special partnership" between Canada and Korea extends to every element of the relationship. Most importantly, it is a state of mind: building habits of consultation, a readiness to share concerns and discuss options on bilateral as well as on international issues.

I therefore intend to enter into regular and more detailed communication with Minister Kim.

My colleague, the Minister of Foreign Affairs, the Honourable André Ouellet, is doing the same with Minister Han on political and security issues.

Our "special partnership" is also represented in the following ways:

- We have pledged to expand study in Canada by Korean students (by such means as the recent establishment of the Canadian Education Centre in the Embassy), and also study in Korea by Canadians.
- We will continue to share Canadian experiences in peacekeeping and arms control and verification techniques.
- We will pursue a most welcome Korean proposal to work with Canada in co-chairing regional arms control workshops this year and next.
- We want to make better efforts to spread the word in each country about benefits of the "partnership."
- We will take specific measures to improve flows of tourists and visitors in both directions.

In conclusion, my visit and the other events since our leaders' meeting in November are only the start. Many events over the next months will build on the same theme.

I look for the support of the Canadian Business Club in participating in this effort. I want to congratulate you on sponsoring the initiative to bring a co-op program student to Korea this year.

May I close by thanking you all once again for this opportunity to speak to you.