

Minister of Industry,  
Science and Technology and  
Minister for International Trade



Ministre de l'Industrie, des  
Sciences et de la Technologie et  
ministre du Commerce extérieur

# Statement

# Déclaration

**91/55**

**NOTES FOR A SPEECH BY**  
**THE HONOURABLE MICHAEL H. WILSON,**  
**MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY**  
**AND MINISTER FOR INTERNATIONAL TRADE,**  
**AT A LUNCHEON FOR THE**  
**FEDERATION OF KOREAN INDUSTRIES**

**SEOUL, Korea**  
**November 12, 1991**

I am pleased to be able to address such a distinguished gathering of business people as are represented here with the Federation of Korean Industries. I last met some of you in July, in Ottawa, when we were honoured to host President Roh and the very impressive business delegation that accompanied him.

Canada is a Pacific nation. We trade more with Asia Pacific than with all of Europe -- both Eastern and Western. Korea is one of our strongest partners in the Pacific region. With bilateral trade last year of almost \$3.8 billion, Korea was our second largest trading partner in the Pacific and our sixth largest worldwide.

Most important of all is the potential for growth in our trade with this region, and especially with Korea. Bilateral trade through July of this year is already nearing \$2.4 billion, clearly indicating that we will pass the \$4 billion mark for the full year. Particularly gratifying is the fact that for the first time in over a decade, our trade is virtually balanced. If these trends hold, Korea will shortly become our fourth largest trading partner in the world.

Increasingly, too, our relations are fuelled by investment. Canada is the third most favoured destination for Korean investment, after the United States and Indonesia. Korean investments can be found from coast to coast in Canada in a variety of sectors, from Hyundai Automotive and Sammi Steel in Quebec, to PVC window plants in Newfoundland, uranium mines in Saskatchewan, coal mines in Alberta and construction projects in British Columbia.

The central theme of Canadian trade policy is to reduce the barriers among us, to equip our industries and our people to participate more effectively in the world economy and to generate growth.

Canada's highest international trade priority is the Uruguay Round of the Multilateral Trade Negotiations (MTN). The motive: competitiveness and prosperity in the 1990s. A strengthened, updated and expanded rules-based multilateral system remains the cornerstone of economic relations among us all.

A satisfactory MTN outcome this year is necessary to build up the confidence of the international trade and investment communities.

I am encouraged by the signs of greater flexibility on agriculture by Germany and, to a lesser extent, France, over recent weeks. There are also positive signals from the meeting between presidents Bush and Delors over the weekend. As the United States and the European Community narrow their differences, other countries must be prepared to respond and contribute to the successful conclusion of the Uruguay Round. This was my message to Japanese ministers last week, and to the Korean ministers with whom I met yesterday. Likewise, I will be

carrying the same message to my counterparts attending the Asia Pacific Economic Co-operation (APEC) Ministerial Meeting later this week. In those areas where a country has not been as forthcoming as it should, more must be done. We must all play our part.

Canada seeks, as part of the final trade package, improved market access for agriculture. And clearly, significant reductions in agricultural export subsidies are critical to move world trade in agriculture toward more market-based principles.

No less important to Canada in the negotiations is real market access improvement in resource-based products and manufactured goods. In the MTN, Canada has been a strong advocate of free trade in a number of key sectors, including forest products and non-ferrous metals.

I urge Korea to participate in this exercise and to come forward with specific areas of export interest so that a substantial market access result can be achieved.

We need to work together to build a mutually beneficial package that will get goods flowing as freely as possible.

Canada is also looking for stronger, updated rules for trade in all products, including clearer definition and better disciplines on the use of subsidies and countervailing duties, so that access can be more secure abroad and injurious competition better regulated at home.

Multilateral rules covering services and liberalization in the services market are another important objective for Canada.

I am satisfied that, in the MTN, Korea recognizes the enormous stake that it has in a dynamic, well functioning world trading system and hence how important it is that the Uruguay Round be concluded quickly with the best possible result.

In the long run, it is the business community at large that will be the winner in a more open and strengthened trading environment. I suggest that each and every one of you use whatever channels you have to encourage governments to take the bold steps needed to bring the trading system up to speed with economic realities.

Korea is one of the few industrialized nations that are even more trade reliant than Canada. Over 25 per cent of Canadian output is exported, and the Korean percentage is higher yet. One in four Canadian jobs depends on trade. For Canada, trade liberalization is more than a priority; it is a necessity. Hence our commitment to the Uruguay Round, as well as our initiatives, on the bilateral and trilateral trade fronts, to open markets.

The North America free trade negotiations now under way will create a market of 360 million people and a gross domestic product of over \$7 trillion.

We are talking about trade creation, about a dynamic and exciting marketplace -- a market in which Korean companies will have the confidence to make further investments in Canada.

Canada's immense geographic size and relatively small population, spread widely across the country, have meant that Canadian firms must export to remain competitive.

The Canadian automotive sector, members of which are here today, is an excellent example. It is a key economic sector in Canada, directly employing almost 150,000 workers and accounting for over \$45 billion in total production.

In this sector, we have had free trade with the U.S. for over 25 years. As a result, Canadian assemblers and parts producers plan and invest on the basis of supplying the entire North American market, which, as you know, is one of the largest in the world.

A North American free trade agreement including Mexico will also be an important element of enhancing the global competitiveness of the automotive industry. Investments in Canada like those made by Korea have been, and will continue to be, an integral part of our automotive strategy.

We have a long history of co-operation with Korea in this sector. In the mid-1980s Hyundai successfully entered the North American market, starting with a marketing operation in Canada. This was quickly followed by a major assembly investment in Quebec.

Canadian parts producers have been working with Korean assemblers and parts manufacturers since 1985, when the first group of parts manufacturers visited Korea. Since then, the relationship has expanded and the companies here today continue to build on those foundations.

Canada's automotive sector is modern and competitive. Canadian parts producers are supplying assembly plants in Canada, the U.S., and Mexico, as well as exporting to Europe and Asia. In many ways, the Canadian and Korean automotive industries complement each other. Thus, I believe there are opportunities for co-operation in both Korea and Canada.

I have spoken about the automotive industry. Also travelling with me on this visit is a substantial business delegation representing two other key sectors in the Canadian economy, sectors in which Canadian firms have world-class capabilities and produce the highest quality products and services. These companies are from the telecommunications and nuclear power sectors.

Within these sectors, undoubtedly, there are also opportunities for strategic alliances, investment, technology transfers, co-production and co-promotion. There have been some examples of Canadian and Korean firms working together on projects in third countries. I believe that this is the road which we must follow if we are to ensure continued growth.

There are opportunities for growth across a range of sectors in the Canadian and Korean economies. Nonetheless, Canada, like Korea, faces many challenges. Competitiveness is the key to prosperity. I have recently launched a major initiative in Canada to address head-on the factors that affect the competitiveness of Canadian companies.

The goal is to strengthen our industrial and resource sectors and to invest in developing the talent and knowledge needed to compete in high-skill, high-wage markets. This will be the foundation for developing our strategies of the future -- strategies for investment, innovation and trade.

We want Korea to be part of our future. It is a fact of life that we are becoming more and more interdependent. We must face the realities and seize the opportunities. It will require imagination and innovation. I am confident that both our countries are up to this challenge.

Thank you.