



No. 213

September 14, 1989.

## MINISTER CROSBIE VISITS HONG KONG AND KOREA

International Trade Minister John C. Crosbie will visit Hong Kong and the Republic of Korea from September 17 to 24. Accompanied by CEOs and senior executives from eleven Canadian firms, the purpose of the visit is to promote trade and investment between Canada and two of the Pacific Rim's most dynamic economies.

"Hong Kong and Korea are two of the most dynamic economies in the Pacific Rim and are very important to all regions of Canada in terms of trade and investment," Minister Crosbie said. "With the passage of the FTA, Canadian firms are anxious to explore new trade and investment opportunities with Hong Kong and Korea."

Minister Crosbie will meet with several government officials of Hong Kong and Korea to discuss bilateral and multilateral trade and economic issues, including the Uruguay Round of GATT.

In Hong Kong from September 17 to 19, Mr. Crosbie will be accompanied by representatives from nine Canadian firms. The Minister will also meet with his counterpart in Hong Kong, Secretary of Trade and Industry John Chan.

The Minister will also visit the site of the Canadian designed Vessel Traffic Management System (VTMS) for Hong Kong harbour. The VTMS, which will be inaugurated in October, is the most complex integrated system for vessel traffic management in the world. The Canadian Commercial Corporation leads the consortium which built the VTMS. The main contractor is a division of Le Groupe SNC--one of the participants in the trade mission to Hong Kong.

Minister Crosbie will address the 750-member Canadian Chamber of Commerce in Hong Kong and meet with leaders of the business community. He will outline the advantages to Hong Kong of the FTA and Canada's Asia Pacific 2000 trade and investment strategy.

On the Korean leg of the trip from September 19 to 24, the International Trade Minister will be hosted by Korea's Minister of Trade and Industry, Mr. Han Seung Soo.

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During his meeting with the Minister of Foreign Affairs, Mr. Choi Ho-Joong, Mr. Crosbie expects to participate in the formal signing of a bilateral Air Services Agreement which will permit Air Canada to establish a regular service between Vancouver and Seoul.

Mr. Crosbie will also initiate talks on the problem of driftnet fishing. Canada is seeking the cooperation of driftnet users, such as Korea, to end the use of this indiscriminate method of fishing which has severe environmental impact on all species of the ocean. Mr. Crosbie will also hold talks with the Minister of Agriculture, Forestry and Fisheries on a range of other bilateral issues.

Korean fishing on the Nose and Tail of the Grand Bank will also be discussed.

The trade mission to Korea will include eleven participants representing Canadian firms. The delegation will attend a luncheon hosted by the Federation of Korean Industry (FKI) and will tour POSCO Steel and Hyundai shipyards.

Minister Crosbie will also tour the site of AECL's CANDU reactor in Wolsung. The purchase of a second CANDU reactor is currently being considered by the Republic of Korea.

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## CANADA'S ECONOMIC RELATIONS WITH HONG KONG

### MEDIA BACKGROUNDER

#### Hong Kong's Economic Situation

A unique world market, Hong Kong, with its modest population and territory, has experienced extraordinary growth in its economy over the past two decades. In 1987, HK's real GDP grew by 13.8 percent followed by 7.4 percent in 1988. Growth is primarily export led, the value of which exceeded \$75 billion in 1988. With 1988 imports valued at \$75 billion, it is the 13th largest import market in the world, exceeded only by Japan in Asia.

Serving as a gateway to China and one of the world's leading entrepot ports, the Territory's free-trading regime and well developed communications and transportation infrastructure have combined to make its economy one of the most dynamic in the world. Often identified as one of the four Asian "tigers," Hong Kong will be a key target for trade and investment development under Canada's new Pacific 2000 strategy.

#### Bilateral Trade

Two-way trade between Canada and Hong Kong increased by 32 percent from 1987 to 1988 to reach \$2.1 billion. In 1988, Canada was HK's 6th most important export market, while Canada was HK's 21st most important source of imports. Canada had a 1988 merchandise trade deficit with HK of \$168.3 million, a decline of 74.4 percent over the previous year. Canadian exports to Hong Kong were \$986.5 million in 1988, up 105.4 percent over 1987. In 1988, Canadian imports from Hong Kong increased by 1.5 percent to \$1.55 billion. In the first five months of 1989, Canadian exports increased 45.1 percent over the same period in 1988 to \$546.6 million, while imports of goods from Hong Kong decreased by 3.5 percent to \$987 million.

As Hong Kong imports virtually everything it consumes, both raw material and finished goods, the opportunity for Canadian companies is excellent. For 1989, the Canadian Commission in Hong Kong has identified the following priority sectors for Canadian goods and services: 1) construction; 2) communications and information; 3) agriculture and food; 4) fisheries; 5) defence; and 6) medical health care.

#### Investment

Hong Kong is a major source of foreign investment for Canada. It is conservatively estimated that the value of Hong Kong's 1988 investments in Canada was \$2.4 billion. Over the last two years direct investment by HK companies in the garment, electronic and plastics sectors has resulted in the employment of some 3000 Canadians. Every province and region of Canada has been affected by HK investment and there is a growing awareness among Canadians of the potential for increased business links.

Canada has invested in Hong Kong's booming economy directly and indirectly for many years: Canada's two telecommunications giants, Northern Telecom and Mitel, have offices and manufacturing facilities in HK; Semi-Tech Microelectronics, also located in the Territory, is now a giant in international business following its recent acquisition of Singer; Canada's six largest banks have operations there; and, the largest life insurance companies in Hong Kong are Canadian--Manulife, Sun Life, and Crown Life.

Canadian business relations with the Territory are enhanced by large cooperative business associations including the Hong Kong/Canada Business Association with 3000 members and the largest chapter of the Canadian Chamber of Commerce outside of Canada with 750 members. Valuable links are also forged through business immigration and the more than 70,000 people educated in Canada who are leaders in Hong Kong commerce, finance, and government.

### **Strategies for Trade and Investment Development**

The Canadian Government's trade and investment action plan for Hong Kong has identified the following four objectives: 1) to increase Canadian exporters' interest in the HK market; 2) to encourage Canadian exporters to take advantage of HK's role as an entrepot trade centre for East Asia; 3) to position Canadian business in HK in order to enhance trading prospects with China; and 4) to increase business relationships with HK entrepreneurs.

Also, the Government's new Asia-Pacific 2000 trade and investment strategy is a comprehensive plan of action designed to ensure that Canada benefits from the rapid economic and technological growth that characterizes the region. Building on the FTA, PAC 2000 will further equip Canadian business to compete in the dynamic Asian mega-market and attract investment. The objectives of the initiative are: 1) to support industry through trade promotion; 2) to expand and re-orient S&T efforts to gain industrial benefits; 3) to promote investment initiatives which foster technology transfer and strategic corporate alliances; and, 4) to establish language and cultural awareness programs towards improved business relationships.

Demonstrating commitment to pursue opportunities in the Pacific Rim, International Trade Minister John C. Crosbie will lead a business mission to Hong Kong, September 17 to 19. Senior executives and CEOs of the following nine Canadian firms will accompany the Minister:

- BAE Group
- Beothic Fisheries
- Canadian Astronautics Ltd.
- Le Groupe SNC
- Manufacturers Life Insurance Company
- Novatel Communications
- Seafood Management Education Association
- Tri-Star Seafood Supply
- Utlas International