

Team Canada strikes new deals with Korean partners

January 10, 1997
Seoul, South Korea

Prime Minister Jean Chrétien and Team Canada today witnessed the signing of 73 new business deals worth \$602.57 million during the trade mission's first full day in Korea.

The business deals signed in Korea include \$224.45 million in commercial contracts and \$378.12 million in agreements in principle, including memoranda of understanding and letters of intent.

"Today is an important day for Team Canada and its Korean partners," said the Prime Minister. "It has given our special year -- Canada's Year of Asia Pacific -- a resounding start, and it will mean new jobs and opportunities for people in every region of Canada."

Companies entering new business relationships in Korea today represent a wide range of industries and expertise from across Canada. These deals mean new jobs for the companies signing deals, their suppliers and other business partners.

"Participation in Team Canada gives Canadian companies, especially small and medium-sized firms, a high-profile and cost-effective way to demonstrate their goods and services," said the Prime Minister. "I am pleased that once again we have had the opportunity to work together -- putting Team Canada to work for Canadians."

Details of the deals signed today in Korea are in the attached backgrounder.

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NEW CANADIAN BUSINESS INITIATIVES IN KOREA Background to Signing Ceremony in Seoul January 10, 1997

Advanced Material Resources Limited Toronto, Ontario

Advanced Material Resources Ltd. (AMR) has announced the establishment of a subsidiary office, Advanced Material Resources (Korea) Ltd. in Seoul. AMR, which employs 800 people, produces value-added rare earth oxides, metals and other rare earth compounds which are used in high technology industries, including environmental catalysts, computers, consumer electronics and advanced optics. The office opening is expected to generate over \$5 million in new business per year.

AGRA Monenco, Oakville, Ontario

AGRA Monenco, a subsidiary of AGRA Industries Limited, has signed a memorandum of understanding with Kabool Engineering and Construction of Seoul to form a joint venture company that will provide AGRA's AxioM project management systems and services for the Kabool group of companies, which will market AxioM and associated project management services to other major construction projects in South Korea and internationally. This follows upon an existing \$2 million contract with Kabool to transfer technology and capabilities and is expected to grow into significant business.

Alex Informatique Inc., Lachine, Quebec

Alex Informatique Inc., a leading developer of scalable parallel processing systems for media servers, integrated systems and high performance computers which employs 100 people, has signed an agreement to supply its Korean representative, Jin Data Communications, and

Samsung Electronics Company of Seoul with its LibraT media server systems. The LibraT servers are part of a multimedia learning system being provided to Korea's schools by Samsung, Alex and Jin Data. This project is part of a nation-wide Korean government initiative to equip the country's schools with state-of-the-art multimedia learning centres. LibraT systems can store and send uninterrupted streams of video, audio, and graphics to a variety of network stations for more than 1000 simultaneous users. Initial orders are valued at more than \$2.5 million. Alex is also in the final negotiations with Samsung and Jin Data Communications for Phase Two for the school project.

The Alliance of Manufacturers and Exporters Canada, Toronto, Ontario

The Alliance of Manufacturers and Exporters Canada, which was formed in 1996 with the merger of the Canadian Exporters' Association and the Canadian Manufacturers' Association, represents more than 3500 members. The Alliance has renewed an existing co-operation agreement with Korea's Small and Medium Industry Promotion Corporation, which recognizes the formation of the Alliance and will help promote collaboration between the Canadian and Korean private sectors. The Alliance also renewed an agreement with the Association of Foreign Trading Agents of Korea (AFTAK), which recognizes the formation of the Alliance and establishes a basis for co-operation and trade among their members.

Atomic Energy of Canada Limited (AECL), Mississauga, Ontario

AECL, Canada's premier nuclear energy company which employs 3900 people, has signed a substantial contract with Hanjung which is the first opportunity under which AECL and Hanjung will be jointly supplying nuclear equipment to a third country, in this case China. AECL and Hanjung have been partners in CANDU projects in Korea for many years. Under this contract, Hanjung will supply equipment to AECL and will, in turn, subcontract some of its scope to Canadian companies.

Bennett Environmental Inc., Vancouver, British Columbia

Bennett Environmental Inc., which manufactures thermal oxidation/incineration and soil remediation products and services and employs 30 people, has signed a technical co-operation agreement with Korea Cottrell to build incinerators for waste destruction. The value of this agreement is \$10 million.

Bennett Environmental Inc. has also signed a letter of intent with Daewoo Engineering Company of Seoul to jointly build incinerators for the Korean market.

Bennett Environmental Inc. has also signed a letter of intent with SSangyong Engineering of Seoul to supply one large incinerator for municipal waste. The value of this agreement is \$10 million.

Bennett Environmental Inc. has also signed a purchase order with Shin Kwang Corp. for its supply of oil recovery equipment valued at \$200,000.

CANATOM INC., Toronto, Ontario

CANATOM INC., which employs 130 people and engineers and provides project and construction management and services for CANDU nuclear power projects, has signed a memorandum of agreement with the Korea Power Engineering Company (KOPEC) of Seoul. The agreement commits the two companies to work together on an international basis to provide engineering, procurement, project and construction management services for new CANDU nuclear power projects. CANATOM and KOPEC have worked together, with others, to engineer, construct and integrate the CANDU nuclear power plants at Wolsong into Korea's domestic nuclear program.

Canada West Homes International Co., Ltd., Vancouver, British Columbia

Canada West Homes International Co., Ltd., which along with its partner companies employs 40 people and manufactures pre-engineered wall panels and consolidates other building products for

a range of housing and building packages, has signed a memorandum of understanding with JB Land of KyungKi-Do for an eight-house project. The project is valued at \$652,800 (US\$480,000).

Canada West Homes International Co. Ltd. has also signed a letter of intent with Ganada Housing International Inc. of Seoul for a ten-unit luxury housing project. The project is valued at \$816,000 (US\$600,000).

Canadian Homes International Inc., Chilliwack, British Columbia

Canadian Homes International, an exporter of Canadian wood and timber construction technology and products, has signed a letter of intent with Chook Ryung Bok Um Hospital of Seoul to develop a senior citizen's complex, Silver Village, outside of Seoul. The complex will include 117 residential suites, dining and meeting rooms, a swimming pool and other indoor and outdoor recreation areas. Canadian architectural design, engineering and building materials will be used in the construction of the three-storey wood frame building. This agreement will generate revenues of \$11 million.

Canadian Homes International has also signed a letter of intent with Han Saem Church for the construction of a church in Ilsan, north of Seoul. This all wood and timber structure will be constructed based on Canadian design and engineering. All main arches and beams will be glue laminated timbers manufactured in Canada. Canadian technicians will help erect and finish the structure. Although a relatively small structure, Canadian Homes believes it will serve as an excellent demonstration project for Canadian construction techniques in engineered timber and wood structures. This agreement will generate revenues of \$500,000.

Chromacolour (North America) Limited, Calgary, Alberta

Chromacolour Limited, which is the world's largest supplier of equipment and materials to the animation industry and employs 50 people, has signed a memorandum of understanding for a world-exclusive contract with Jung Sung Manufacturing Company. Under this agreement, Chromacolour would become the sole distributor of the Korean company's animation drawing discs - an industry-specific tool used in the production of animated film. Chromacolour will also work with Jung Sung to increase production capacity and efficiency at its factory in Taejon City (through future possible joint venture agreements and/or direct investment), develop new products and explore the addition of its recently acquired high-technology "electric paper" into the disc as a lightsource. The agreement could generate revenues of \$600,000.

Computing Devices Canada Ltd., Ottawa, Ontario

Computing Devices Canada Ltd., which develops sophisticated electronics technology and employs 1100 people, has signed a contract with Samsung Electronics to supply fire control system electronics. This contract is valued at \$1.5 million.

DMcD Distribution/Airtox Corp./Global E.P., Montréal, Québec

DMcD Distribution/Airtox Corp./Global E.P., which specializes in indoor air quality products and services and employs 30 people, has signed a contract with Shin Cheon Electronics Co. Ltd. of Seoul, which is the biggest maintenance building company in Korea. This agreement makes the Korean company DMcD/Airtox Corp./Global E.P.'s exclusive distributor for the Korean market. Shin Cheon Electronics has agreed to purchase 13 full sets of DMcD's equipment in 1997, valued at \$810,000. The agreement is valued at about \$3 million for the next five years. Airtox Corp., a service division of DMcD, may also provide training in the use of the equipment, technical, product and marketing support.

Dalhousie University, Halifax, Nova Scotia

Dalhousie University, which has over 400 international students, has signed a student exchange agreement with Yonsei University of Seoul. The agreement involves the exchange of students and academic co-operation between the two institutions.

Department of Fisheries and Oceans, Ottawa, Ontario

The Department of Fisheries and Oceans has signed a memorandum of understanding for scientific and technical co-operation with Pukyong National University. This agreement will further scientific research, promote the exchange of academic and scientific knowledge and address scientific and technical challenges of mutual interest. Subjects will include co-operation in the fields of aquaculture, genetics and biotechnology, fisheries science, oceanography and climate change phenomena and studies of marine ecosystems. Symposia, information exchange, exchanges of scientists and students, and funding of joint projects are involved.

The Department of Fisheries and Oceans has also signed a letter of intent with the Pukyong National University which specifies that the parties will explore creating a foreign local laboratory of the University at the Department's West Vancouver Laboratory site to facilitate co-operative research. This site is currently undergoing transition to a new Institute entitled the "Pacific Institute of Aquatic Biosciences" and it will be operated under partnership arrangements between the federal government, the universities, and private sector interests, including foreign partners. A sum of \$300,000 is involved over three years, and associated collaborative joint research projects may combine additional Canadian and Korean research funding.

Designed Genetics Inc. (DGI), Lockport, Manitoba

(confirmed) Designed Genetics Inc. (DGI) has signed a memorandum of understanding to establish a joint venture with Sunjin Co., Ltd. of Seoul to create a swine breeding stock facility near Winnipeg, Manitoba. The project is valued at \$8.5 million. DGI specializes in swine breeding and has developed an internationally recognized population of DUROC swine genetics.

Douglas Manufactured Homes Ltd., Delta, British Columbia

Douglas Manufactured Homes Ltd., which employs 52 people, has also signed a letter of intent with K.D.M Co. Ltd. Residential Supply of Seoul to develop and market Canadian-made 2x4 panelized wood structures for Korea. The proposed projects consist of two model houses and one restaurant with an additional five model houses before May of 1997. This agreement could generate \$2.5 million.

In addition, Douglas Manufactured Homes Ltd. has signed a letter of intent with Korea Housing Builders Association of Seoul for the promotion and development of Canadian 2x4 platform frame technology and residential building products in the Korean residential construction market. The parties have agreed to begin negotiations toward a five-year sales and purchase agreement.

Douglas Manufactured Homes Ltd. has also signed a letter of intent with Korea Timber Art (Kotia) of Seoul to construct high-quality 2x4 prefabricated homes and apartment buildings in Korea. This includes single family houses, residential sub-divisions and multi-family dwellings. This agreement could generate \$5 million.

Douglas Manufactured Homes Ltd. has also signed a letter of intent with Taeshin Construction Co. Ltd. of Taejon to supply manufactured homes. The two companies will jointly promote Canadian building technology and products in the Korean market. This agreement could generate \$2 million.

ERA Clothing Inc./ Hollywood Jeans, Montréal, Quebec

ERA Clothing Inc./ Hollywood Jeans, which manufactures jeanswear and employs 60 people directly and 800 people indirectly, has signed a contract with Sam Gi Textile Co. Ltd. of Seoul, which will become the exclusive distributor of Hollywood, the Jean People, products in Korea.

Gandalf Technologies Inc., Nepean, Ontario

Gandalf Technologies Inc., which develops and manufactures remote access technological products and employs 650 people, has signed a memorandum of understanding to enter into a strategic relationship with Samsung Electronics of Korea. The agreement covers product

distribution and joint product development. The initial phase of this partnership will begin with Samsung Electronics distributing Gandalf's remote access products in Korea.

Harris Canada Inc./Harris Farinon Canada, Dollard-des Ormeaux, Quebec

Harris Corporation, Farinon Canada Division (Harris) has signed a product co-operation agreement with LG Group, LG Information and Communication (LGIC), for high capacity transmission equipment for the telecommunications industry.

ISM-BC (Information Systems Management (B.C.) International Corporation, Burnaby, British Columbia

ISM-BC International, a wholly owned subsidiary of ISM-BC, western Canada's largest information technology services provider, has signed a contract with Korea Heavy Industries and Construction Co. Ltd. (KHIC) of Seoul to provide hardware, support and related services. This contract, which is valued at \$28 million over five years, will also utilize the services of traditional Korean hardware partners of KHIC. ISM-BC is a joint venture of BC Telecom (BC TEL) and ISM Information Systems Management Corporation. ISM employs more than 4000 people across Canada and ISM-BC International employs approximately 50 people in Korea. The company has been working closely with a Korean partner, DNI Associates, since July 1994.

ISM-BC International has also signed a marketing partnership agreement with Digital Canada and Digital Korea of Seoul to provide hardware, information technology, data warehousing and related services to Korean customers. The contract is anticipated to generate revenues of \$20 million per year and to create additional employment in Canada and Korea.

ISM-BC International has also signed a marketing agreement with Handok Computer Company of Seoul to provide technical interface services to selected Korean customers including KHIC. Handok has been active with KHIC for several years and the marketing agreement will formalize their working relationship.

ISM-BC International has also signed a letter of intent with GFS-Global Financial Systems of London, England. ISM-BC International will finalize contractual arrangements with a Korean distributor for GFS software within the next sixty days, and intends to introduce GFS software to the Korean marketplace. Projections of the value of this contract are \$2 million over the next two years.

iSTAR internet inc., Ottawa, Ontario

iSTAR internet, an Internet products and services company that employs 262 people, has signed a memorandum of understanding with POSDATA of Seoul to establish a business relationship to provide internet business solutions in Korea as well as provide system integration business in Canada. This agreement is expected to generate revenues of \$1 million to \$5 million.

Kornova Trading Inc., Halifax, Nova Scotia

Kornova Trading Inc. has signed a purchase agreement with Won Kwang Fisheries Ltd. of Seoul to provide wood constructed buildings for recreational, commercial and residential purposes. Specifically, Kornova will provide quality wooden home construction material, basic design, erection and supervision on a turn-key basis by selecting reputable wooden home manufacturers as well as technical and engineering assistance, site planning, shipping services and the deployment of personnel on request. The project is valued at \$216,190. The first shipment is scheduled for early 1997.

Kornova Trading Inc. has also signed a memorandum of understanding with Won Kwang Fisheries Ltd. to provide fish products from Atlantic Canada, including skate wings, monk fish and Atlantic crocker. Initial shipments are valued at \$1.87 million (US\$1.375 million). The first shipment is scheduled for mid 1997.

Kornova Trading Inc. has also signed a memorandum of understanding with Myung Wood House Construction Co. of Seoul to provide wood constructed buildings for recreational, commercial and residential purposes. Homes and buildings will be supplied for three separate projects. The agreement is valued at \$1.5 million. The first shipment is scheduled for early 1997.

Lakehead University, Thunder Bay, Ontario

Lakehead University has signed two separate agreements with KookMin University of Seoul and Inha University of Incheon to establish educational exchange programs.

Langley School District and College, Langley, British Columbia

Langley School District has signed a memorandum of understanding with Hanbit Education and Culture Institute, Ltd., a member of the Han Saem Group of Seoul. Hanbit will send 100 students to the District's University Gateway program offered at Langley College beginning in September 1997. This initial target is expected to double the following year. In its first year, the agreement is expected to generate revenues of \$800,000 for the School District and \$2.8 million for the local economy (based on the fact that each international students spend at least \$30,000 a year in their host community.)

Logo Computer Systems Inc., Montréal, Quebec

Logo Computer Systems, an educational software developer that employs 20 people, has signed a software licensing contract with L.G. Software of Seoul to adapt Logo's children's software programs, *My Make Believe Castle* and *My Make Believe Treasure Isle*. Designed for children aged four to nine, these products allow children to create their own imaginary play worlds using a simple yet powerful animation process. L.G. will manufacture the products and distribute them in Korea, with Logo receiving a per unit royalty. New products are expected to be added to the agreement each year.

Martec Recycling Corporation, Vancouver, British Columbia

Martec Recycling Corporation, a Canadian company jointly owned by Artec International Recycling Corporation of Canada and Japan's Marubeni Corporation, has signed a memorandum of understanding with Jindo Engineering & Construction Co. Ltd. of Seoul to undertake a market and feasibility study to determine the method by which Martec and Jindo establish their presence in the Korean market. Martec's patented system for the Hot In-Place Recycling of asphalt-paved roadways was developed in British Columbia and is now being marketed worldwide. Jindo is entering the road rehabilitation industry in Korea. There are about 60,000 kilometres of paved roads and highways in Korea, requiring an estimated annual expenditure of US\$500 million for their maintenance and rehabilitation.

Miranda Technologies Inc., St-Laurent, Quebec

Miranda Technologies Inc., which employs more than 50 people and develops and markets a wide range of digital video interfaces for professional video and broadcast production, has signed a strategic alliance agreement with Namsung of Seoul to distribute its products throughout Korea. The agreement is expected to generate \$500,000 in the first year.

New East Consulting Services Ltd, Surrey, British Columbia

New East Consulting has signed a memorandum of understanding with Samick Construction & Development Co., Ltd. of Seoul to negotiate engineering design contracts for Samick's projects. This project is valued at \$3.5 million.

Noranda Advanced Materials, St-Laurent, Quebec

Noranda Advanced Materials, a producer of metals products which employs 80 people, has signed a long-term supply agreement with Young Poong Enterprise Ltd. of Seoul to supply battery-grade zinc powder for the use in the manufacture of rechargeable alkaline batteries. Young Poong is the sole Korean manufacturer of rechargeable alkaline cells, producing them at its Ansung plant under licence from Battery Technologies Inc. of Richmond Hill, Ontario.

Government of Nova Scotia

The Government of Nova Scotia has signed a memorandum of understanding with Hana Bank of Korea to co-operate in facilitating trade and exchanges between Korea and the province of Nova Scotia in the following areas, trade promotion, soliciting joint venture partners and the exchange of trainees in fisheries, medical services, timber, environmental technology and high-technology industries, soliciting Korean investment in Nova Scotia and supporting business immigration to Nova Scotia. Hana Bank has agreed to provide necessary information and services to a broad spectrum of customers and prospects.

Nova Scotia College of Art and Design, Halifax, Nova Scotia

Nova Scotia College of Art and Design, a university which is devoted to fine and applied arts and design education, has signed a student exchange agreement with Kook Min University, Seoul's art and design university. This agreement will students to transfer to continue their studies in Canada, and will increase the number of students coming to NSCAD from Asia Pacific. The first year of this exchange will probably bring at least 20 students and this number will likely double in year two.

Nova Scotia College of Art and Design has also signed a student exchange agreement with the College of Fine Arts, Seoul National University. This agreement will allow students at undergraduate and graduate level to transfer to continue their studies in Canada, and will increase the number of students coming to NSCAD from Asia Pacific.

Orion 2000 Technologies Ltd., Richmond, British Columbia

Orion 2000 Technologies Ltd., which employs 18 people and is developing a global interchange network for the Member Banks of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), has signed a memorandum of agreement with Korea Technology Banking Corporation for an A-Net network and secured electronic commerce products. The project is valued at an estimated \$10 million.

Polar Bear Water Distillers Mfg. Co. Ltd., Pickardville, Alberta

Polar Bear Water Distillers, which manufactures water distillation equipment for residential, commercial and industrial use and employs 80 people, has signed a contract with Westwood Korea Industries Inc. of Seoul for the purchase and distribution of Polar Bear products for 1997 and 1998. The contract is valued at an estimated \$600,000 over two years.

Research in Motion, Waterloo, Ontario

Research in Motion has signed three separate supply agreements with four Korean companies -- Hancom Telecom Co. Ltd., Intec Telecom, Korea Computer Inc. and Shin Hwa Co. Ltd to deliver radio modem and software technology. The agreements have a total value of \$23 million.

SHL Systemhouse, Ottawa, Ontario

SHL Systemhouse's Vision Solution Division and Hyundai Information Technology has signed a strategic teaming agreement to pursue the provision of geographical information products and services in South Korea and specific Asia Pacific markets. Targetted sectors include telecommunications, electricity, gas, and water utilities, and municipal/local government and cadastral land information systems. The Korean GIS market is worth in excess of \$250 million over the next three to five years. The global GIS market is valued at \$10 billion with an annual growth rate of 20 per cent.

Simon Fraser University, Vancouver, British Columbia

Simon Fraser University has signed a memorandum of understanding with the Korea Advanced Institute of Science and Technology to co-operate in common fields of interest, including joint research activities, the exchange of faculty and research staff members and the exchange of technical research information including institutional publications and academic materials of mutual interest. The organizations have also agreed to explore the feasibility of an exchange of students.

Southern Alberta Cubers Inc., Lethbridge, Alberta

Southern Alberta Cubers Inc., a marketer of processed forages which employs four people, has signed two separate contracts with Korea Silo Company Ltd. of Inchon and with Seyoung Inc. of Ansong to supply Canadian Alfalfa hay cubes. These contracts are valued at \$300,000 and \$370,000, respectively.

In addition, Southern Alberta Cubers Inc. has signed an exclusive agent agreement with Mira G/M Inc., of Seoul to market processed forages and other Canadian agricultural products in Korea. This agreement is expected to generate \$4 million in revenue a year.

Specialty Homes Inc./C.T. Properties Ltd., Victoria, British Columbia

Specialty Homes Inc./C.T. Properties Ltd., a full-service construction company which employs 25 people, has signed a contract with Bosung Engineering & Construction Co. Ltd. of Seoul to construct the first of three phases of mixed single family housing near the Taeju Private Golf course which is located southeast of Seoul. Canadian construction materials, expert labour and project management are being used to construct seventeen houses. The initial preparations for the first three houses is underway. The project is sold out, and further phases are under development. This project is valued at \$5.1 million.

Sungold Gaming Inc., Vancouver, British Columbia

Sungold Gaming Inc., a hotel/casino and destination resort developer, has signed a joint venture agreement with Insung Development Co. Ltd. of Seoul. This agreement establishes the legal framework for a new Korean company, to be known as Shindo Island Development Corporation, which will plan, develop and operate a world class destination resort. The project will include a luxury resort hotel/casino, a Las Vegas-style entertainment centre, a golf and country club and will be situated on Shindo Island, located next to the new Seoul Airport currently under construction. Sungold will arrange financing and provide project management in return for a 50 per cent share in the venture.

Sydney Steel Corporation, Sydney, Nova Scotia

Sydney Steel Corporation, Canada's leading producer of railroad rails that employs 750 people, has signed a contract with Inchon Iron & Steel Co. Ltd. to supply bloom steel. The contract is valued at \$2.5 million.

Technophar Equipment & Services Limited, Tecumseh, Ontario

Technophar, a manufacturer of high-precision, hard and soft gelatin capsule production equipment for the health care industry which employs 60 people, has signed a letter of intent with Han Kook Capsule of Seoul to supply five hard gelatin capsule manufacturing machines and auxiliary equipment