



Trade staff in 1982. Bernard Yeung, Ted Lipman, Francis Chau, Arthur Fraser, Waleed Hanafi (l. to r. standing), with John Treleaven (seated).

mini-exhibition.

The year 1982 was a traumatic one for Hong Kong. The full import of the expiry of the lease over the New Territories finally sunk in. The official visit of Prime Minister Margaret Thatcher to China provided the public's first hint of the inevitability of a hand-over of Hong Kong to Chinese sovereignty in 1997. The value of the Hong Kong dollar tumbled, and along with it real estate prices. This in turn precipitated a share price drop on the stock exchanges, and a general crisis of confidence.

The slump of the dollar was finally stopped by fixing its value to that of the strong U.S. dollar, and negotiation of the terms of the transfer got underway. The signing of the Sino-British agreement in 1984 ended speculation, and greatly bolstered business confidence. The deal promised considerable autonomy to Hong Kong, and assured the new Special Administrative Region of its own currency, perpetuation of its capitalist economy, at least a degree of elected government, and its own legal system. A joint committee was set up to write a new constitution for Hong Kong, called the Basic Law.

John Treleaven maintained, throughout the crisis, that Hong Kong's economy was deceptively strong, and often stated that inward investment continued to exceed disin-

vestment. Ironically, the crisis enhanced Canadian trade with Hong Kong, as a direct result of publicity in Canada that focussed business attention on the Territory. In large measure, Treleaven has been proved right, with Chinese investment in Hong Kong more than outweighing so-called "flight capital". Yet, while business is booming, a grassroots wave of emigration reminds everyone that the confidence is fragile, and very sensitive to any moves by China, both economic and political.

Starting in the early 1980's, China set itself on a course of major economic and political reforms. The introduction of the "economic responsibility system", aimed at making heads of business enterprises and trading corporations accountable for profits and losses, was accompanied by greater decentralization, and greater autonomy for provincial and municipal decision-makers. As a result, purchasing of foreign goods was also decentralized, and led to changes in Canada's commercial strategy for its operations in China.

South China became important to the Chinese leadership as a "window" on foreign technology and services. For this reason, the Canadian government decided that a full-time, Canadian officer should be posted in the south on a permanent basis. This would also help meet the needs of an ever-growing