

flow from cultural freedom, tolerance, and the removal of barriers to individual and group contacts, as well as official programs of cultural exchange and promotion. The meeting ended without agreement on a concluding document. At the end of the year, preparations were nearly complete for the Berne Meeting of Experts on Human Contacts, in which Canada intended to press for removal of obstacles to family reunification and contacts. Preparations were also under way for the Third CSCE Follow-up Meeting, which is to begin in Vienna on November 4, 1986.

## **Asia and the Pacific**

### **People's Republic of China**

Highlighting Canada-China relations in 1985 were the visits to Canada by the President of China, the Ministers of Science and Technology, Aviation, and Water Resources and Electric Power, and those to China of the Minister of Energy, Mines and Resources, the Minister of National Health and Welfare and the Premier of Newfoundland. Major achievements included the renewal of a bilateral trade agreement, the establishment of a Joint Agricultural Committee, five animal quarantine agreements, a sports exchange Memorandum of Understanding (MOU) and a follow-up on hydro sector co-operation.

China continued to be Canada's second-largest market in Asia. Canadian exports to China in 1985 amounted to \$1.26 billion while imports from China were \$403 million, creating a substantial balance in our favour. Exports of manufactured products alone grew by 500 per cent, which in part offset the decline in sales of wheat, sulphur and potash. On the import side, clothing and textiles accounted for about 40 per cent of China's sales to Canada. With clothing and footwear subject to a bilateral restraint agreement, China has still succeeded in increasing its exports to Canada by more than 20 per cent per year by improving its sales performance of food products, fabricated materials and end products.

In 1985 Canada continued to support China's involvement in the Asian Development Bank and GATT as China moved to take a more active role in these international organizations.

Throughout 1985 Canada continued aggressive promotion of its trade and economic interests with the emphasis on improving exports of high value-added products in agriculture, forestry, energy (hydro, thermal, nuclear, oil, coal, gas), communications, transportation, aeronautics, mining, manufactured goods, and science and technology. In addition, a substantial portion of the trade development facility funded by CIDA was used to support projects in China. Canadian exports have remained fairly constant in the past two years notwithstanding significant reductions in sales of grain and resource products. As China becomes more self-sufficient and foreign competition increases, it is expected the decline in commodity sales will be offset by increased exports of manufactured goods. The current trend is particularly significant in that it will ensure a solid foundation for future sales. To meet this challenge, the trade programs in Beijing and Hong Kong have been significantly increased. The opening of the Shanghai Consulate General in early 1986 will allow more marketing initiatives to be launched.

About 1 500 immigrants came to Canada from China in 1985, raising the total to nearly 30 000 since the PRC Family Reunification Program was established in 1973. There are an

additional 1 500 Chinese students studying in Canada currently, while 5 000 persons, mainly business and trade delegations, arrived as visitors during the year. Cultural relations continued to expand, marked by such projects as a major exhibition of Alex Colville's art, and the signing in Beijing, in December 1985, of a two-year program for cultural exchange between Canada and the PRC.

### **Republic of Korea**

The bilateral relationship between Canada and the Republic of Korea (ROK), which began in the late 19th century when Canadian missionaries played an important role, serving Koreans in the fields of education and health care, continues to develop and mature. Canadian interest in Korea stems from a desire to ensure continued stability in that region as well as to develop and protect growing commercial and other bilateral interests.

The substance of the overall relationship was highlighted, in 1985, by senior Canadian visitors who included the Federal Ministers of International Trade, of Fitness and Amateur Sport, of Regional Economic Expansion and of Finance, as well as Premier Bennett of British Columbia. Such visits are reinforced by the presence in Canada of more than 40 000 residents of Korean origin, a constant influx of Korean immigrants as well as travel by families, businessmen and, increasingly, tourists.

Total two-way trade continued to expand, totalling \$2.382 billion in 1985, up from \$1.9 billion in 1984, so that Korea is now Canada's second-largest trading partner and third-largest market (after Japan and China) in the Asia-Pacific region. Coal remained Canada's single largest export to the ROK, while major import items included cars, textiles, clothing, footwear, iron and steel products and consumer electronic products.

Academic affairs of mutual concern are being pursued at the University of Toronto and Yonsei University.

### **Hong Kong**

The past year was a very active one for Hong Kong. The Sino-British Joint Declaration on the future of Hong Kong came into force in May 1985 upon ratification. Drafting of Hong Kong's mini-constitution (referred to as the Basic Law) began in July 1985; the process should be completed by 1990. One of the first steps of the political changes leading to 1997 has been the election, in September, of 24 "non-official" members of the Legislative Council through an indirect election process. Despite this hectic political activity, Hong Kong has maintained a stable economy.

Two-way trade between Canada and Hong Kong continued to expand, increasing from \$1.18 billion in 1984 to \$1.21 billion in 1985. Canadian exports to Hong Kong increased by more than 50 per cent in 1985 to reach a record \$322.8 million in 1985. With imports from Hong Kong having decreased by 8.2 per cent from 1984, Canada's overall deficit with Hong Kong will be reduced from \$751.4 million in 1984 to \$563.8 million in 1985 (all figures are in Canadian funds).

More than 8 000 Hong Kong residents immigrated to Canada in 1985. A total of 869 cases in the entrepreneurial category were approved, representing an estimated capital transfer to Canada of \$570 888 000. Related investment projects have created 4 135 new jobs.