

shared the early sense of optimism that the accord would lead to a peaceful settlement of the conflict, but the resumption of intercommunal conflict demonstrated that such optimism was premature.

Amid growing violence and civil disobedience, President Ershad of Bangladesh dissolved parliament on December 6, 1987, and held a general election on March 3, 1988. The elections were boycotted by the major opposition parties. Since the elections there has been a lessening of civil unrest in Bangladesh.

These tensions in South Asia continued to be of concern to Canada, as they threaten the region's political stability and have a negative impact on Canada's involvements in the area.

The heads of government of seven South Asia countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) met in Kathmandu, Nepal, in November for the third Summit of the South Asian Association for Regional Co-operation (SAARC). The Summit provided a forum for dialogue between nations in a region which continued to be rife with bilateral disputes. Canada supports this organization and other bodies that promote regional co-operation. During the meeting, a convention to combat terrorism was passed, and also measures to establish a regional emergency food reserve.

Cambodia, Laos and Vietnam

Although Canada maintains diplomatic relations with Vietnam, it has suspended its development assistance in response to the Vietnamese invasion and occupation of Cambodia. Canada continues to encourage a peaceful solution to this problem. Many refugees from this region have settled in Canada and more than 30 000 Vietnamese have joined family members under the family reunification program. In 1987, Canada accepted 5 874 refugees and designated-class persons from Cambodia, Laos and Vietnam. Trade relations with these countries are minimal. Bilateral development assistance is not provided to any of them.

Republic of Korea

Canadian interest in the Republic of Korea (R.O.K.) stems from a desire to ensure continued stability on the Korean peninsula, as well as to develop and protect commercial and other bilateral interests. Major changes took place in the R.O.K. in 1987/88. A new constitution was approved through a national referendum in October 1987, which led to a direct presidential election in December. The candidate of the ruling party, Roh Tae Woo, won this election. The inauguration of the new president took place on February 25, 1988, and was the first peaceful transfer of power in recent Korean history. The Canadian Minister of Justice and Attorney General represented Canada at the inauguration ceremonies. A new cabinet was formed and parliamentary elections were held in April.

As Korea continued to prepare for the 1988 Seoul Summer Olympics, a record number of countries have confirmed their participation. The security situation in the Korean peninsula remains a major concern. The Korean government has publicly condemned North Korea for its involvement in the destruction in November 1987 of the KAL-858 flight over Burma.

Canada-Korea trade relations have continued to expand, reaching in 1987 the \$3 billion mark for the first time. Canadian exports to Korea grew to \$1.2 billion in 1987, up by 21 per cent over 1986. A substantial trade balance (\$676 million) remained in favour of Korea. The Department continues to monitor developments to ensure better access to Korean markets for Canadian goods. Coal, wheat and wood pulp are Canada's largest exports to the R.O.K., while the main imports are clothing, textiles, cars, footwear, consumer electronic products and iron and steel products.

Annual political consultations at senior official levels were held in November. Co-operation in the sports field has grown since both Korea and Canada are Olympic hosts in 1988. Academic relations expanded with the organization of a Canada-Korea Academic Forum in Seoul during Canada Week, held in March 1988.

Hong Kong

In 1987/88 Hong Kong increased the pace of economic recovery begun the previous year with exports continuing to show a strong upward trend, thereby underpinning a broad-based and rapid rate of growth. The resilience of the economy was exhibited in its rebound after the shock of the October 1987 U.S. stockmarket crash (when confidence was shaken with the closure of the Hong Kong market for a week) and the minimum concern within the business community in response to the U.S. announcement of the withdrawal of tariff preferences from Hong Kong (and the other three Asian newly industrialized countries) from the beginning of 1989.

Bilateral relations with Hong Kong were marked in February 1988 with the announcement of agreement on a revised air services arrangement between Canada and Hong Kong. The arrangement with Canada is the first Hong Kong has concluded separately from the United Kingdom. Trade between Canada and Hong Kong reflected the upward trend in the Hong Kong economy with Canadian exports reaching a record total of more than \$480 million while imports from Hong Kong also reached a new high of \$1.1 billion. Canada's trade deficit with Hong Kong declined to \$657 million in 1987 from \$725 a year previously.

Canadian commercial relations with Hong Kong are augmented by personal contacts stemming from the growing immigration movement. Interest in Canada as a new home has traditionally been high in Hong Kong and many Hong Kong residents began their relationship with Canada as students. The rewards from this movement have been mutually beneficial with Hong Kong providing a major source of immigrants and students. Opportunities in Canada have prompted a marked increase in immigration to this country and the movement shows no signs of diminishing. Immigrant visas issued to Hong Kong residents which had averaged approximately 6 000-7 000 since 1980 increased to some 23 000 in 1987.

Africa and the Middle East

Francophone Africa and the Maghreb

Over the past year, Canada continued to strengthen its relations with the African countries of La Francophonie by