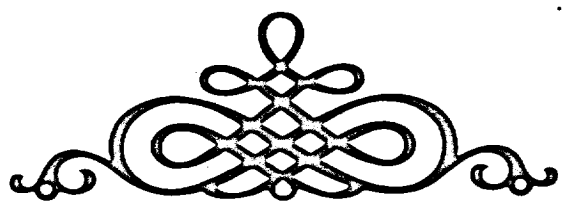
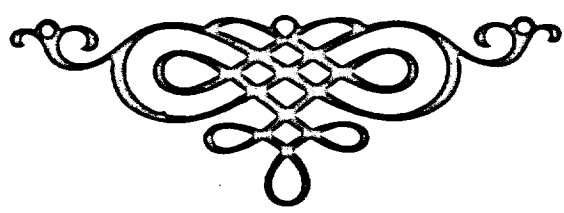


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Canadian  
Trade Commission  
Celebrates:  
**60th Anniversary  
in Hong Kong**



By:  
Peter Pigott

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# Chapter One

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## The Early Years

Each morning at 8:00 am, the Communications Operator hands a sheaf of telexes and facsimile correspondence into the Canadian Commission's Registry, or fileroom, for sorting and distribution. Those destined for the Trade Section are usually from Canadian businesspeople, asking the Trade Commissioners for advice on selling their wares.

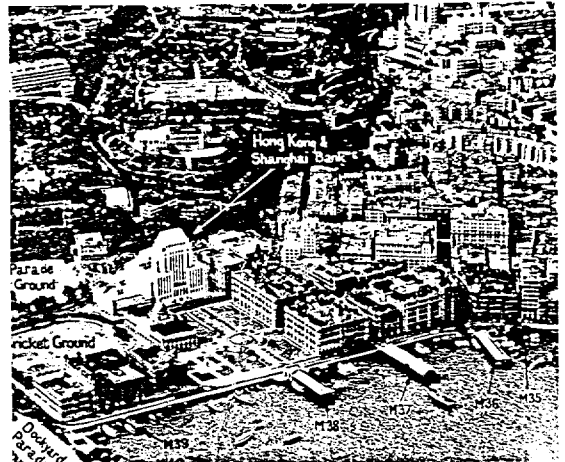
Nova Scotia fisheries firms want to sell salmon; Ontario companies want to find markets for their machinery and Vancouver electronics makers want to distribute their computers. A sculptured-mirror salesman from Brantford, Ontario would like to know about the popularity of his product, while a manufacturer of artificial flowers wants to open a branch. An enterprising Alberta restaurateur even hopes to export rice cakes to China!

Though they are now sent by microwave and satellite across the Pacific, the requests are not peculiar to the 1980's. Sixty years ago, the inquiries arrived by Canadian Pacific steamer and were delivered by rickshaw to the Trade Commissioner's office. None of the early Commissioners would have found anything unusual about the activities conducted in the Commission today. The Canadian Trade Commission has been open for business in Hong Kong since May 1928.

The National Archives in Ottawa have no records concerning its opening. The idea of a Canadian presence in a British Colony, as separate and distinct from the interests of the United Kingdom, necessitated a very low profile. Canadian commercial agents had operated in the Pacific region as early as 1895, and an office for "commercial intelligence" opened in Shanghai in 1912. But Canadians were still British subjects, and part of a mercantile system that ensured that London, not Ottawa, was the chief beneficiary. The Canadian Commercial Intelligence Service, a grandparent of the Department of External Affairs, and its Trade Commissioners, confined themselves to matters of trade, and enjoyed none of the privileges

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Hong Kong as it was when the Canadian Trade Commission opened for business in May 1928. The present offices in Exchange Square are where "M35" is indicated.

accorded diplomats. Yet, thousands of miles from home, they nonetheless became the Canadian "consul" in Hong Kong, representing the country at functions.

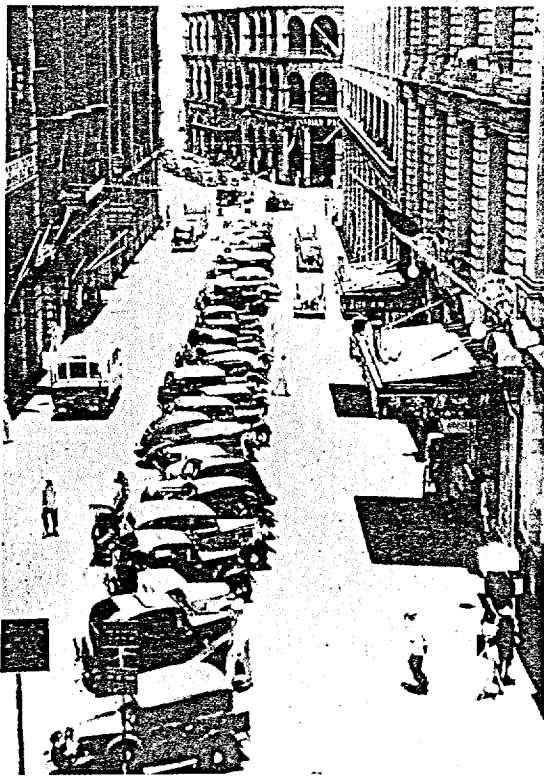
In 1938, L. Dana Wilgress, then Director of the Commercial Intelligence Service and former Trade Commissioner to Czarist Russia, criticised the lack of diplomatic status of his officers. Wilgress, who had lived as a youth in Hong Kong, understood the need for recognition within the stratified expatriate community. Whatever the status, in 1928, a Trade Commissioner was sent to Hong Kong with the responsibility of promoting Canadian interests in China and the Philippines.

Until then, all matters to do with trade between Canada and Hong Kong had been handled by Canadian Pacific Steamships and Dominion Express Limited. They had their offices on the ground floor of the Union Building on Pedder Street and Connaught Road. There was a Canadian Government Immigration agent in Hong Kong and its Commissioner, Mr. D.F. Warren, had an office in the China Building which also housed the stenographer, Miss R. Judah, and an interpreter, Li Kam Hi. Besides these two establish-

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ments, there thrived "Canadian Confectionery", a shop that not only imported chocolates from home, but in 1929, featured a North American style soda fountain!

The Hong Kong Telephone Directory for 1932 records that the Canadian Government Trade Office was in the Exchange Building on Des Voeux Road Central. The Trade Commissioner was Mr. Paul Sykes; the Assistant Trade Commissioner was W.J. Riddiford, and the Chief Clerk, William G. Poy. In 1933, a young woman joined the CGTC as a secretary, having just arrived from Australia. Miss Elvie Arnold would remain with the Commission, except for brief periods, until 1974. Her memories of that first office are quite clear, fifty-four years later. She recalls that the Trade Commission had two large rooms on the second floor – the Trade Commissioner's with a wide veranda that overlooked the junction of Chater Road, Des Voeux Road Central and Pedder Street, and another for the Assistant Trade Commissioner, looking out onto Pedder Street. Her own small office had a view of Des Voeux Road Central and Chater Road.



Pedder Street just before the Second World War. The first offices of the Canadian Trade Commission were on the second floor of the Exchange Building on the corner of Pedder and Des Voeux Streets – across the street from the Canadian Pacific sign.

None of the rooms were then air-conditioned, but each had a large ceiling fan to circulate the air, and incidentally, to blow the papers about. The Trade Commissioner who hired Miss Arnold was Major Victor E. Duclos. Other members of the local staff at the time were William Poy; the File Clerk/ Receptionist, Henry Chan and the Office Boy and Messenger, Chow King Yee.

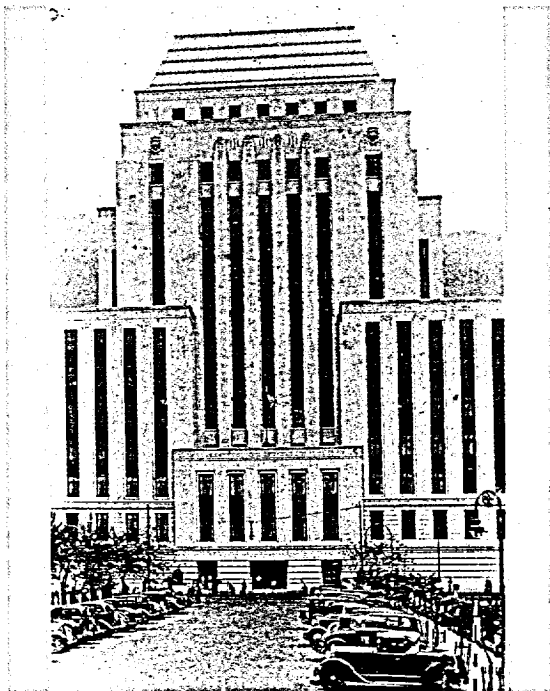
That year there were 849,751 people living in the Colony, of whom fewer than 30,000 were non-Chinese. With the Chinese Civil War and Japanese invasion of China, the influx of refugees into Hong Kong was overburdening an already-crowded city. Wealthy families, frightened by the extremist elements of the Kuomintang, were transferring assets to Hong Kong banks and the Japanese attack on Shanghai in 1932 doubled the size of Hong Kong's refugee areas that year.

The economy, however, seemed to be able to absorb the immigrant wave, and appeared to even thrive on it. While exports from China through Hong Kong had declined sharply in 1930 because of the fighting, trade with the western Pacific and southeast Asia had dramatically increased. In 1929, trade through the port – to Siam, America, Malaya and Japan – made Hong Kong one of the busiest ports in the world.

The Trade Commissioner lived in an apartment in the Mid-levels. It was rented by the CGTC since no property could be owned by the government at that time.

There were letters of complaints by Trade Commissioners at posts around the world, about this time, stating that the salaries and living allowances received did not fully compensate them for their education and experience. Prior to the First World War, all appointments to Trade Commissionerships were decided for political reasons. Only in 1919 were competitive examinations introduced, and those successful, trained in Canada for overseas service. Yet, monetary reward for those who qualified were modest.

Except for official trips to Ottawa at periodic intervals, Trade Officers had no opportunity to return home during postings, as the customary Civil Service leave entitlement was then only eighteen days annually. Even by the fastest ship, the journey to the nearest Canadian port took nine days. For the Assistant Trade Commissioners, who did not



The Hong Kong & Shanghai Bank Building in the 1930's when the Canadian Trade Commission moved into it. A prestigious address in its day, the building was fully air conditioned – one of the first in Hong Kong.

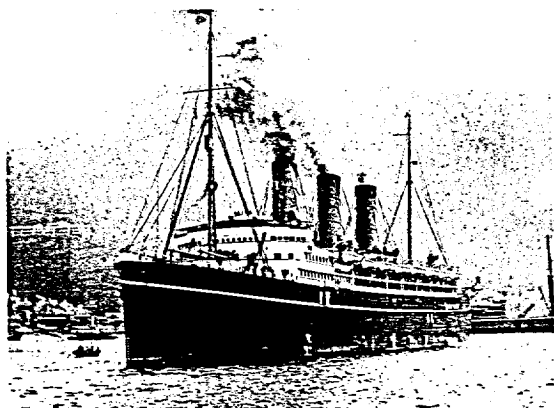
make any official trips out of the Colony, the isolation was even worse. Commercial and political developments at home soon put them out of touch with the current scene. They no doubt bemoaned the fact, that with a Bachelor degree, the rewards of private industry might have been more lucrative and less lonely.

While no one is sure of the exact date in the late 1930's, the Trade Commission moved offices to the second floor of the new Hong Kong and Shanghai Bank Building on Des Voeux Road Central. The Bank had prospered in recent years to become the main channel by which British investment flowed into China. From the 1911 Revolution, until China secured tariff autonomy in 1928,

the Hong Kong and Shanghai Banking Corporation was the sole bank to receive Chinese customs revenues.

The building was designed on a grand scale, and one of the first in Hong Kong to be fully air-conditioned. The office space for the Canadian Trade Commission was approximately the same size as before. The Trade Commissioner and Assistant Trade Commissioner had private offices looking out onto Des Voeux Road Central, with a general office and small store-room for stationery beside them. The Trade Commissioner, Major Duclos, was succeeded by Paul V. McLane, but the locally-engaged staff remained unchanged.

Hong Kong at the close of the thirties was still a nineteenth century colonial outpost. Rickshaws and sedan chairs competed with motor cars in its streets, piracy infested the outlying islands and the loud shouts of "Boy!" by Englishmen in bars and clubs was common. The Peak was still off-limits to Chinese households. It was a scene ripe for change.



The Canadian Pacific Steamship "The Empress of Asia" in Hong Kong harbour in the 1920's. The relationship between the Trade Commission and Canadian Pacific was a strong one.

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## Chapter Two

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# Captive Commission

In 1941, the British Colony of Hong Kong marked its centenary. While mother-Britain was even then undergoing the deprivations of air raids and food rationing, Hong Kong continued to live in the twilight of a tenuous peace.

The effect of the European War was felt only marginally in the Pacific. The German community had been interned at La Salle College in Kowloon, and German assets had been seized. The South China Morning Post "Bomber Fund" raised \$2,671,076 during 1940 and 1941. There were charity concerts for the British Prisoner-of-War Fund held on the Cricket Club grounds, and air raid drills became commonplace. Yet that summer the Colony breathed a sigh of relief as a typhoon passed nearby, and the American Consul-General, Mr. A.E. Southard, was quoted as saying he was optimistic about the Pacific situation and believed there would not be a war with Japan. British Intelligence shared his view and briefed the new Governor, Sir Mark Young, to this effect. The newspaper that summer advertised "tiffin" at the Repulse Bay Hotel, and then "sea-bathing" at the Lido. Another smaller advertisement touted the effects of the "Expert, Electric Hand Massages" given by the affable Miss Takamura on the first floor of 14 Wyndham Street. Patronised by the military, the lady was a patient listener to all their gossip. She was also a Japanese spy.

Yet as early as 1938, the Japanese had landed troops at Bias Bay, 15 miles from the New Territories, and captured Canton. Picnickers around Lo Wu were sometimes surprised by Japanese patrols. On February 21, 1941, a very senior military officer comforted his audience at a Rotary Club lunch by stating that "Hong Kong was impregnable". Yet the Government took the precaution of evacuating 3,474 British women and children to Manila, before an onward move to the safety of Australia. Some thought that this caused the social life in the Colony to reach new heights.

One man who honestly felt that, with the addition of two more battalions, Hong Kong could be held, was a Canadian acquaintance of the Trade Commissioner. The General Officer commanding the local garrison, Major-General A.E. Grasett ended his tour of duty in August, 1941. Grasett returned to London via Canada and stopped off in Ottawa where he convinced the Mackenzie King Government that with reinforcements, Hong Kong could hold out until help arrived from the U.S. Hawaiian Fleet.

The two battalions selected were the Royal Rifles of Montreal and the Winnipeg Grenadiers, both short on weapons and untrained in combat. But, as Sir Lyman Duff's subsequent "Report on the Canadian Expeditionary Force" points out, the whole Canadian Army was short of equipment and at that time any regiment would have been similarly handicapped. Named "C" Force by the Defence Department, they arrived in Hong Kong on board the armed merchant cruiser "Prince Robert" on November 17, 1941. In three short weeks they would be locked in combat, lacking air support, with the seasoned troops of the 38th Division of the Japanese Army.

Paying the price they did, the heroism of the two battalions is an inextricable part of any study on the Canadian presence in Hong Kong. The logistical blunders that attended the outfitting and transporting of "C" Force are infamous. Bad luck plagued the expedition throughout. The transport and water trucks were loaded into the New Zealand troopship "Awatea" and delayed in Manila when the War began. A number of Ford V-8 trucks were hurriedly found by the Trade Commission as a poor substitute. At the same time, there were a flood of telegrams from Ottawa to be dealt with, as the long arm of military bureaucracy discovered that sales tax had been quoted on the price paid for 52 cases of marmalade shipped on the "Prince Robert" and argued that this was not

# STOP USELESS RESISTANCE.

When the Japanese Force makes its attack, Hongkong cannot be escaped from the most fierce bombardment from the Japanese Air Armada. Even with no aid from the land force, it is certain that Hongkong will be smashed into pieces from the air.

British officers, we appeal you to consider the very fact. Do not kill your own in meaningless resistance! Remember, the Japanese Forces will guarantee the lives and limbs of those who will surrender.



December, 1941: Thousands of leaflets were dropped by the Japanese Air Force over Hong Kong before the attack. The original is a prized possession of Elvie Arnold's.

going to come out of their budget.

The heroism of the Royal Rifles and the Winnipeg Grenadiers has been dealt with in several books, including C.P. Stacy's "Six Years of War", the Official History of the Canadian Army in the Second World War. Whatever the logic behind why the two battalions had been sent for, and what subsequently occurred, it must be seen in light of the intelligence available at that time. The Soviet Union had just entered the War on the Allied side, and there was reason to believe they would engage the Japanese along the Sino-Soviet border. The Japanese themselves did not make up their minds to invade the south Pacific theatre until July, 1941. Help was on the way to Singapore and Hong Kong by way of two British capital ships, the "Prince of Wales" and the "Repulse". There would be time to equip and train the Canadians, as Prime Minister Mackenzie King noted in his diaries.

It is a great credit to the loyalty of the

staff at the Trade Commission that, not only did Elvie Arnold not take advantage of the evacuation to Manila, but two members of the local staff were in uniform to defend the Colony. William Poy was a member of the Hong Kong Volunteer Defence Force, and Chow King Yee served with the Special Police. At this distance, it is difficult to see why they, as Chinese, would not fight to defend their homes, but it must be remembered that in 1941, the local population stayed aloof of the War. In a Colony where every third person was a refugee, warfare was left to the British and Japanese. Chow King Yee would be decorated three times by the British after the War for meritorious service during the black days of 1941, and William Poy's Hong Kong Volunteers would emerge with honour and win high praise from historians.

On Sunday, December 7, the Volunteers were mobilised and at 8:00 am the next day, the Japanese bombed Kai Tak airfield. The unexpected speed with which the enemy penetrated all defenses is well documented, but no records describe the effects on the Trade Commission in the weeks that followed. The Hong Kong and Shanghai Bank Building was too conspicuous a target for enemy gunners to ignore. By the time the Colony surrendered on Christmas Day, the granite face of the structure was scarred and pitted where shells had struck and bounced off. Only one granite block was dislodged, but all the windows were shattered. The building had already been looted, and the pavement in front was littered with glass and paper. Passersby recall seeing a "dud" bomb buried in the middle of the tram lines in front of the main entrance, and someone placed a potted palm from the Bank's lobby beside it. Like its landlord, the Trade Commission was closed for the duration.

The cessation of the brief but desperate fighting found the civilian population coping with starvation, overcrowding, looting and darkness. As Paul McLane lived in the Mid-levels, his apartment building would have been without water or electricity since December 20th. Failed lifts, spoiling refrigerated food, toilets that would not flush, were some of the minor inconveniences that he might have endured. Perhaps, like other civilians, McLane watched the Japanese

victoriously parade down the streets from Happy Valley, complete with a brilliant display of aerobatics by the Imperial Air Force overhead. The combat troops of the 38th Division would then sail away to Timor and Guadalcanal where, a year later, they would be decimated in bitter jungle fighting with the U.S. Marines.

On the 4th of January, all British, Canadian, American and Dutch residents were ordered to assemble with their belongings at the Murray Parade Grounds for temporary internment. While other consuls used various means to keep their nationals out of prison camp – the Swedish consul gave all Scandinavians Swedish passports as neutrals, and the French prudently declared themselves part of the Vichy regime. The Canadians, as British subjects, were interned at Stanley Prison Camp. The Government in Ottawa, did all in its power to ensure that food and medical supplies got through to the camps. It harassed the Protecting Power, Argentina, to live up to its obligations and in 1942 and 1944, Red Cross parcels from Canada filled with corned beef and dried milk saved a starving civilian population in Stanley Camp. Meanwhile, in Tokyo, the staff of the Canadian Legation had been placed under "house arrest" within the legation building – fortunately, one of some size and comfort for the four staff members. In Hong Kong, McLane and his staff had no such privileges. The American Consul was allowed to take the ample supplies of the American Club with him into internment, but no such privilege was granted to other members of the Consular Corps.

The Japanese had decided to concentrate local enemy civilians in an internment camp on the Stanley peninsula using the prison buildings and nearby Stephen's College. There were many more British subjects than expected and the authorities were surprised at the number of Asians and Eurasians who claimed to be British. The result was overcrowding, slow starvation and malnutrition. It must be remembered that the Japanese themselves were suffering from the effective American submarine blockade in the area, and had little food to share with civilian prisoners.

Finally on March 31st, 1942, the Canadian Trade Commission staff were notified

that they would be included in a diplomatic repatriation for their Japanese counterparts in North America. In preparation for this move, Americans and consular staff were moved to St. Brigid's Preparatory School. There was much speculation as to where and how the exchange would take place, but finally on June 29th, the "Asama Maru" dropped anchor off the Camp.

The black hull of the liner was painted with what the internees called "fried egg flags", with large white crosses on either side and on the bow and stern. Paul McLane, William Poy and his family, and Elvie Arnold were all ordered to prepare themselves for evacuation. William and Ethel Poy had their children with them, their daughter Adrienne barely two years old. The night before the ship was due to leave, F.C. Gimson, the Colonial Secretary, called McLane into his quarters for a private briefing on the fall of Hong Kong and the situation at Stanley. As the highest ranking non-American to be repatriated, the Trade Commissioner was charged with conveying this intelligence to London. He was to report to the first British embassy that the "Asama Maru" docked at.

The 400 evacuees, including diplomats, Red Cross officials, newspaper reporters, and all the Americans at Stanley, joined passengers from Tokyo for a difficult voyage to Lourenco Marques in neutral Portuguese East Africa. Water and food were rationed, and as the ship had already been at sea for three weeks, both were of dubious quality. But after five and a half months internment, the sensation of freedom alleviated all shortcomings. On July 5th, the ship was joined by the Italian Liner "The Conte Verde" with repatriates from Shanghai and both took on water and supplies at Singapore.

Then, thirteen days out of Singapore, both ships entered the harbour of Lourenco Marques and tied up behind the Swedish passenger ship "Gripsholm". No shore leave was permitted, but mail from North America was delivered from the "Gripsholm". The Swedish ship carried the 1,500 Japanese from the United States for the prisoner exchange. This was carried out on July 24th, with a line of freight cars drawn up along the dock and the Japanese repatriates walking from the bow of the "Gripsholm" to the bow of the "Asama Maru" and the Allied prisoners

walking from the stern of their ship to the other. Portuguese Gendarmes and native soldiers strolled about to make sure no incidents took place. The Japanese, an American reporter noted, fell into two categories: those from the "Asama" were flushed with victory and treated the prisoners with cool disdain, while those arrived from North America were attempting to buy as much food as they could to take to Japan.

The Swedish crew on the "Gripsholm" were lavish with their food, medical attention and hospitality but what cheered the former Hong Kong internees the most was the sight of Allied aircraft flying overhead as they entered Capetown. Here, McLane disembarked to see the British authorities and deliver Gimson's message. Both he and William Poy spoke at length about the debacle of the military encounter in Hong Kong and the current sufferings of the Stanley prisoners-of-war. Their reports were sent onward by diplomatic bag to London and Ottawa.

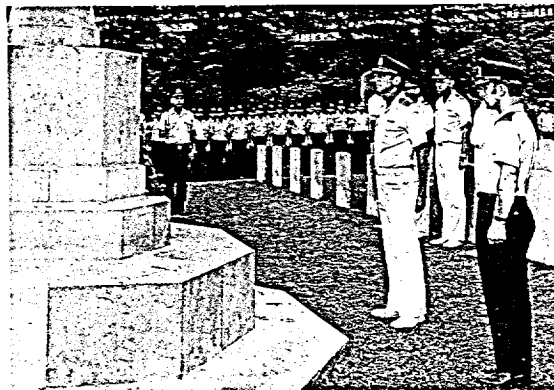
After a short stop in Rio de Janeiro, where the South American diplomats left, the "Gripsholm" arrived off the Ambrose lightship, New York. The lights of Manhattan, the Statue of Liberty. The huge American flag flying over the terminal meant that the Stanley Camp internees were home. The Canadian Trade Commission staff left the ship that afternoon for the train to Canada.

The Canadian Government, like the Canadian public, had heard nothing since the fall of Hong Kong. They could only surmise about the fate of the 2,000 men of "C" Force. Casualty lists of the dead and missing that

had been published by Ottawa, were unconfirmed. The British Army Aid Group in Chungking had little or no information about Canadian prisoners-of-war from its agents in Hong Kong. This was where the report made by McLane and Poy became so important. At a Royal Commission called by the MacKenzie King Government to examine the "C" Force catastrophe, blame was laid on general and civilian alike, but as the only eye witnesses to the events, the testimony of the Trade Commission staff was invaluable.

William Poy's criticism of the unpreparedness of the Canadian soldiers was especially damaging, and was kept secret by the Government until after the War. His observations that the raw troops couldn't tell the difference between Chinese and Japanese, and fired at any Oriental in uniform, and that the British were uncoordinated in their objectives and moved only by road, has been borne out by the official histories of the campaign. But to a nation in the throes of war, Poy's strong opinions must have come as an unpatriotic shock. Poy's outspokenness was inherited by his daughter, Adrienne Clarkson, known to Canadian television viewers as a successful interviewer, and host of "The Fifth Estate" and "Take 30", the winner of the Centennial Medal, and an Emmy Award winner. She was appointed Ontario Commissioner to France in 1982.

Of the others from the Trade Commission, Paul McLane was appointed Director (Imports) of the Shipping Priorities Committee in Ottawa, and Elvie Arnold was made a Canadian civil servant and continued on as his secretary.



Canadian troops distinguished themselves during the war in Hong Kong. Canadian military continue to visit the cross of sacrifice at Sai Wan Cemetery. Nearby Mount Butler is where CSM. John Osborn won his victoria cross.



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## Chapter Three

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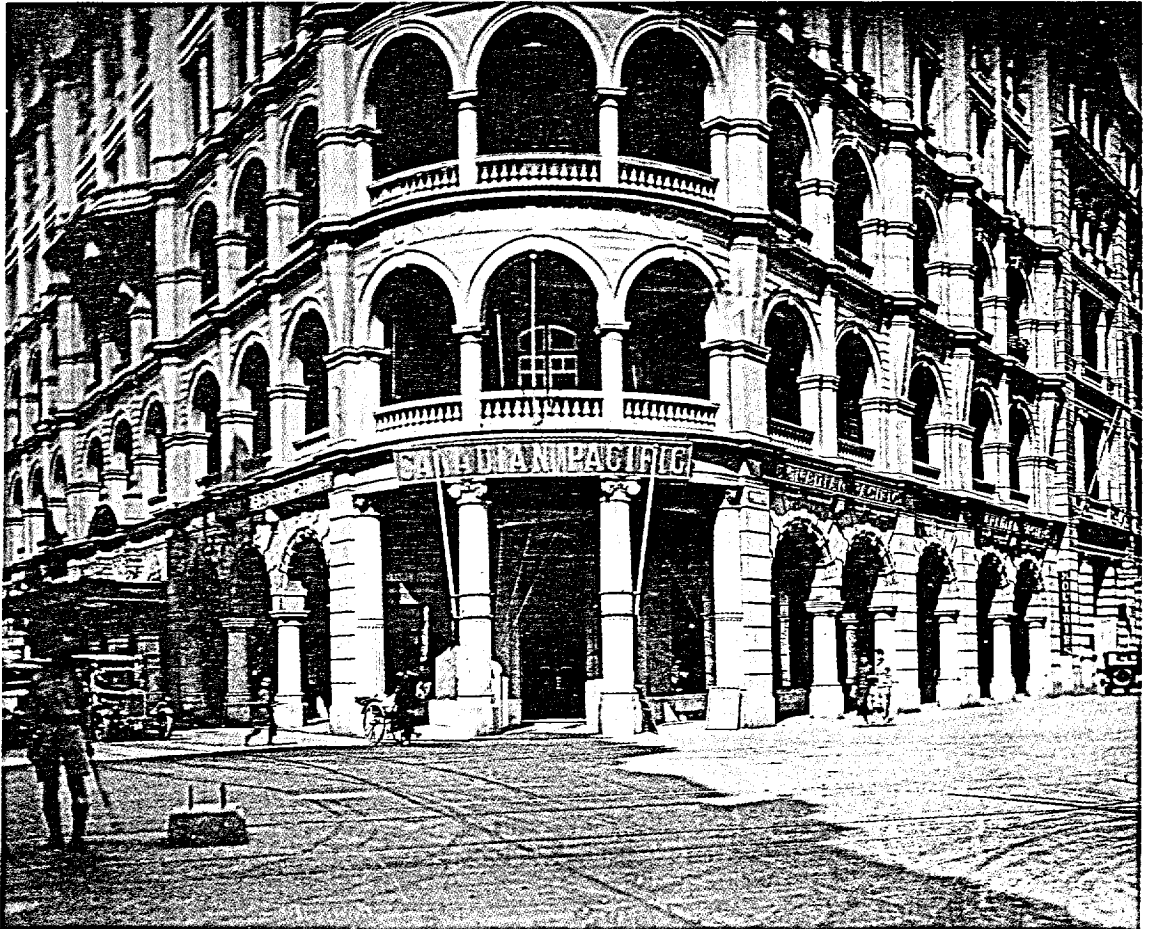
# Post War Return

The Japanese surrender, although sudden, was not unexpected in Hong Kong. The Colony had never been completely out of touch with world events as news of the Allied advances and the dropping of the atom bombs had filtered in from neutral Macau, and over the radio.

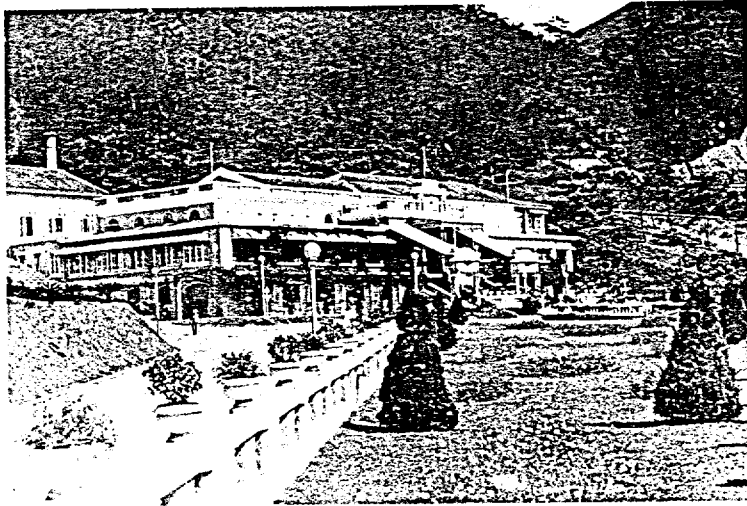
On August 23, 1945, the Colonial Secretary, F.C. Gimson left Stanley Camp to set up a provisional Government until the British Forces arrived. On August 30th, a British Naval Force entered Hong Kong harbour, and the Japanese were interned. The triumphant fleet comprised a battleship, two aircraft car-

riers, cruisers, destroyers and the Canadian armed merchant cruiser "H.M.C.S. Prince Robert". The same ship that had brought the ill fated "C" Force was now taking its survivors home. Of the 2,000 men delivered in November, 1941, 555 were dead, and 127 were in Japanese prisoner-of-war camps.

Another Canadian naval vessel that arrived in the harbour, on September 11th, was the cruiser "H.M.C.S. Ontario", bringing with it troops for the Hong Kong Garrison. A young officer on board was Edward Youde, then a member of the RNVR on Admiral Mountbatten's staff. He had fond memories



The Canadian Pacific office between Pedder and Chater Streets where the Trade Commission was given "desk space".  
July, 1946.



The old Repulse Bay Hotel in 1946. Because of the colony's post war housing shortage, both Kenneth Noble and his successor Tom Fletcher lived here.

of the long voyage from Colombo, and the friendliness of the Canadian crew. He particularly recalled that the engineering staff of the "Ontario", on their shore leave in war torn Hong Kong, put the town clock back into operation. In a city trying to return to normalcy, this was greatly appreciated. In the course of his visit to Canada in 1986, Sir Edward Youde, then Governor of Hong Kong, asked for a copy of the log of the 1945 voyage of "H.M.C.S Ontario". Maurice Copithorne, the Canadian Commissioner in Hong Kong at the time, arranged to have a copy presented to him. It was given to him the day before he left for Peking in 1986, where he died.

In Ottawa, the Department of Trade and Commerce decided to reopen the Commission in Hong Kong and in July 1946, appointed an "Acting Trade Commissioner" to the post. Charles Reid Gallow, a thirty-three year old University of Toronto graduate who had never been in the field before, was ordered to Hong Kong. He was accompanied by his wife and once more, Elvie Arnold. The journey remains fresh in Miss Arnold's memory, these years later. She recalls: "Instructions were that we were to take the first available boat out to the Far East. The ship we were booked on had iron decks and gun emplacements, with four-tiered iron bunk beds and 12 passengers to a cabin. The ship travelled from Vancouver to Tokyo, then Shanghai via a northern route and the fog was so dense, we could not see the sea over the side of the deck. At Shanghai, we were off-loaded and

the ship returned to Vancouver. We had to find local shipping to take us onto Hong Kong. Finally we arrived in Hong Kong, and found Chow King Yee, the former office boy, waiting on the wharf to greet us".

In 1966, Charles Gallow, then Senior Trade Commissioner and recipient of an M.B.E., remembered the voyage from Shanghai to Hong Kong on a small Jardine's coaster. He still could not understand how Chow King Yee could have known of their arrival, and be able to meet them at the docks – with the Trade Commission's files intact. Probably obtaining the information from the Canadian Pacific Steamships agent, he was immediately re-employed.

"Chuck" Gallow had a Herculean task ahead of him. Nothing existed of the pre-war office nor was accommodation available for his wife and Miss Arnold. The Hong Kong and Shanghai Bank Building had been used by the Japanese civil administration and was looted after their surrender. Anything that could be used for fuel, such as doors and floorboards, had been torn up. Anything that could be sold for food, such as pipes and wiring had been removed. Elvie Arnold remembers that the Canadian Pacific manager, Mr. Miller, offered them "desk space" in their office, then in a building on the corner of Pedder Street and Connaught Road. With this, came two desks and three very large and very full mail bags. These had been received from Canada addressed to "the Canadian Trade Commissioner, Hong Kong".

and resulted from an announcement by the Department that the Trade Commission was open. Gallow and Arnold spent the first three months of their posting just acknowledging receipt of the letters, explaining to inquirers that they did not yet have the time to know what firms were even in business in Hong Kong, let alone what their needs were. Mr. Gallow recalls that it was frustrating to "see those mounds and mounds of letters and realize that it would be many months before we could accumulate the information to enable us to provide answers. We could not turn to business organizations such as the Chamber of Commerce .... because they too were in the process of getting their operations underway. The help provided by Canadian Pacific and the three Canadian insurance companies – Sun Life, Manufacturers' Life and Confederation Life – was very encouraging, but did little to diminish the piles of inquiries".

The housing situation was equally acute. Some 60 percent of the European housing was destroyed, and with the Services needing more accommodation onshore, the Government ordered that all hotel rooms be used as small dormitories. The return of European women and children to the Colony was halted until late 1946, but even with this measure, schools and private houses had to be requisitioned. Elvie Arnold and the Gallows were allotted "bed space" in the Peninsula Hotel where even the corridors served as dormitories. Later the trio moved to the Repulse Bay Hotel, which was further away from the office but afforded some relief from the chaos.

Transportation in the Colony was especially disrupted by the War. In 1941, the Japanese had taken all the private cars and buses to Tokyo, and the Star Ferry had lost all its vessels. Buses were few, only six in Hong Kong, and six in Kowloon. The Armed Services turned over some of their trucks to be used as civilian transport. In spite of this, the Trade Commissioners managed to make the journey from Repulse Bay everyday to their two desks in the Canadian Pacific office, and assume near normal operation.

One of the first tasks that the new Trade Commissioner, Kenneth F. Noble, had to supervise when he succeeded Gallow in 1947, was the re-burial of Canadian war dead at Sai Wan. On Dominion Day, July 1st,

1947, over 300 Canadian soldiers were reburied at Sai Wan cemetery. A few months earlier, the hated Japanese Victory monument on Mount Cameron had been demolished. The Colony was putting the War behind it, looking towards an uncertain future.

Noble was joined by W.E. Jolliffe from the Shanghai office, with the latter becoming Assistant Trade Commissioner. Jolliffe, born in China of missionary parents, had endured an increasingly beleaguered Shanghai in the company of the Far Eastern correspondent, Gordon Sinclair. He left the Trade Commissioner Service to go into private business in the Colony soon after.

To replace him, Ottawa cross-posted T.R.G. Fletcher from Melbourne. He remained with the office from 1949 to 1956. Tom Fletcher was a graduate in Commerce from the University of Toronto, and had joined the Department of Trade after service in the Canadian Army. Milton Blackwood then arrived in 1952, on his first overseas posting.

The office was located on the first floor at the rear of the Hong Kong and Shanghai Bank Building where its occupants endured the din of construction of the stolid Bank of China building next door. The Trade Commissioner had his own office, the general staff were crowded together in theirs, and there were two small rooms by the main entrance – one for the Assistant Trade Commissioner, and the other for visitors.

By the standards of the day, it was suitable, though austere. There were no curtains or drapes, and no carpets on the linoleum floors. Stout Canadian built furniture, and the inevitable Group of Seven reproductions, made up the whole scene. Fortunately, the building was centrally air-conditioned. Accommodation was still very difficult to obtain. Fletcher at first lived in the Repulse Bay Hotel, and then for more than a year, at the Peninsula. Later as more buildings became available, he was able to rent an apartment in the lower Mid-levels – after a payment of "key money" to the landlord. Although this was in keeping with local custom, the Department of Trade refused to acknowledge it, and he was not reimbursed. No furniture or appliances were provided until 1952, when the purchase of air-conditioners was approved.

There was a perennial water shortage, and vegetables had to be soaked in a solution

of potassium permanganate, as dysentery was endemic. Milk – bluish in tinge and strange to taste – was severely rationed and only for children. Yet the Fletchers remember life as agreeable in postwar Hong Kong.

The Korean War meant the social scene

was greatly enhanced by visiting forces of many nations, and when the French Indo-China War ended, Tom Fletcher was sent to Phnom Penh as part of the ISCC Commission to implement the truce.



Tom Fletcher and family with the staff members: Linda Chu, Margaret Wong, Eva Leigh, Elvie Arnold and Herbert Ling, 1956.

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## Chapter Four

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# China Trader

In early 1956, Charles Forsyth-Smith arrived in Hong Kong to take over from Tom Fletcher. With a degree in Arts and decorated for wartime service in Italy, France and Germany, Forsyth-Smith taught before joining the Department. He had already served in Wellington and Sydney before coming to Hong Kong. His would be the longest and possibly most interesting tenure in Hong Kong.

The post was reduced in size as the Acting Trade Commissioner, Milton Blackwood, had been withdrawn the year before. As the only Canadian officer, he now handled all trade matters at the office. The post territory included Hong Kong, Macau, the Chinese mainland, Taiwan, Laos, Cambodia and Vietnam. The decision to eliminate the second officer position was based on the fact that in 1956, Canadian exports to Indo-China were negligible, and exports to Taiwan and Hong Kong were small. The old entrepot trading relationship with the Mainland had been destroyed by the communist takeover, and the new manufacturing sector was just starting to become important.



"Max" Forsyth-Smith decorating the messenger Chow King Yee for 25 years service in the employ of the Commission. September, 1956.

Conditions in Hong Kong were very grim at the beginning of Forsyth-Smith's posting. Refugees were pouring in as China suffered one of its many paroxysms. In 1956, the population density of northwest Kowloon

was over 2,000 per acre – the highest in the world. The Hong Kong Government's emergency housing program seemed unable to stem the proliferation of squatter communities that accompanied the refugees. Building records for housing estate construction were broken every month, as a new block housing 2,500 people went up every sixteen weeks. The Triad Societies, Nationalist groups, and the Communists were all quick to exploit the unemployed, ill-fed and exiled. The refugee baggage, unfortunately, included hatreds and feuds from the Mainland, and a spark was all that was needed to set it aflame.

Within the new Trade Commissioner's first six months, the Colony erupted into rioting. The population had long lived with the two important October festivals: October 1st, when the Communists celebrated the anniversary of the formation of the People's Republic; and ten days later, when the Nationalists marked the anniversary of the founding of the 1911 Chinese Republic. Quick to exploit the unease and excitement of that fortnight, the Triads forced exorbitantly priced flags – Nationalist and Communist – on shopkeepers and householders alike. As both sides overflowed into each other's territory's, the violence was finally stopped when the Army was called out, but not before 59 people had died, and factories, shops and homes were looted and burned. A taxi, carrying a diplomat and his wife, was overturned and set on fire – the woman later died in hospital.

The 1956 riots made the business community realize how tenuous the stability of Hong Kong was, and that only the influence of trade and industry could prevent a re-occurrence. About this time, the Canadian Trade Commissioner pressed Ottawa for permission to investigate trade prospects in Indo-China and the PRC. Taiwan, Forsyth-Smith realized, was about to become an industrial giant, but because of Hong Kong's proximity to the Mainland, Manila should take



Assistant Trade Commissioner C.J. Small and his wife just before his departure for Peking.

over Taiwan's trade relations. This did occur in 1958. With the end of the French regime in Indo-China, trade with Canada began to improve.

But it was trade with the PRC that Forsyth-Smith hoped to encourage. In 1957, the John Diefenbaker Government promised that the China market would be "opened up" to Canadian exporters. The Trade Commission in Hong Kong had recommended that the Government encourage Canadian businessmen in this. Early that year, Marshall Johnson, a member of the Canadian Communist Party visited the PRC and returned to Canada with great enthusiasm for bilateral trade. He claimed that he had firm orders for Canadian products, and received national media coverage at home. One claim was that he had a large order for Canadian automobiles, but that he could not obtain them because of American laws that prevented U.S. owned companies trading with the PRC. The Canadian public was outraged, and the fuss generated went some way to raising Government interest in the China market.

Then one day, a telegram marked "Secret" arrived on Forsyth-Smith's desk. Since the Trade Commission did not have communications facilities, the cipher from Ottawa had been routed through the Colonial Office in London, and then the Governor in Hong Kong. He saw, to his horror, a distribution list had been added locally. In addition to the Governor, it included the Colonial Secretary, the Commander British Forces, the Chief of Police, the Political Advisor, the Financial Secretary and the Trade Secretary. The Canadian officer was obviously the last to get the "Secret" message, because as he read it, he was told the Political Advisor was waiting outside to discuss it with him! Forsyth-Smith reported this to Ottawa, and within days the Canadian Trade Commission got its first telex machine.

The Political Secretary was Murray MacLehose, later Governor of Hong Kong, and he was most concerned about the contents of the cipher. It instructed Forsyth-Smith to proceed to China immediately, and assess prospects for the sale of Canadian products, especially wheat. The trip was to be done in total secrecy, the message said, and it should last a week. He was to plead illness during his absence from Hong Kong. He was told the visit was to be a personal one, and that the Canadian Government would disavow any knowledge of it.

Once he digested the contents and discussed it with William Miner, the Assistant Trade Commissioner, Forsyth-Smith realized that there was no way now the visit could be kept secret, and in any case, the departure of the daily train to Canton was well covered by local "China Watchers" and the U.S. Consulate. He recommended instead that the trip be announced as a routine visit by a Canadian Trade Officer. The Deputy Minister for External Affairs in Ottawa, Mitchell Sharpe, agreed. In early November, the first Canadian Government representative to enter China since 1949, did so.

The Trade Commissioner was accompanied by Tom Pope, a Chinese language student and junior officer, and the accounts of their month long trip into the heart of the dragon makes for exciting reading. In 1958, the PRC purchased ten shiploads of Canadian wheat in "a gesture of goodwill in recognition of the trip". This, the first of many wheat



Forsyth-Smith hands over to Robert Thomson in 1962.

deals, received great publicity, not only in Canada but throughout the world, culminating in the first long term wheat contract.

Forsyth-Smith's reminiscences of those exploratory expeditions into China planted the seed for future Canadian Trade Commissioners. But they were not without adversity and melodrama. On the initial visit to Peking, Forsyth-Smith and Pope were invited to meet Mao Tse Tung and Chou En-lai. The Canadians had arrived on the 6th of November, Red Army Day, and joined the official party watching the parade at Tiananmen Square. The endless procession of military units and factory workers gave the foreign observers an impression of a vibrant economy, mobilising the masses to overcome the problems of the past. Later, there was a reception with plentiful food and drink. The Soviet Ambassador addressed the gathering. Mao Tse Tung and Chou En-lai appeared and moved among the guests. Forsyth-Smith and Pope were introduced to the two leaders, and Mao shook hands and moved on. But Chou, speaking in English, welcomed them and wished their mission every success. He reminded

them that the Chinese held Dr. Norman Bethune in high regard.

A less illustrious character Forsyth-Smith also met was the colorful General Cohen. Then an old man, Cohen's historical relations with China could be traced to the days of Sun Yat Sen. He was well connected with both Peking and Taipei. As a Canadian, Cohen offered his services to the Trade Commissioner to access his important connections. Both Forsyth-Smith and Pope felt that the General was a "shady operator" and treated him with reserve. Cohen persisted, and visited the Commission in Hong Kong several times over the next few years.

But on another foray into Peking, there would be no friendliness and hospitality. Forsyth-Smith, and the recently posted Assistant Trade Commissioner, C.J. Small, were placed under house arrest. Later, they found out that the American pilot, Francis Gary Powers, had been shot down over the Soviet Union. One afternoon, as they returned to their hotel, they noticed large crowds gathering in the streets leading to Tiananmen Square. At the hotel, there was an invitation

to "join in the spontaneous demonstration by the Chinese people against the American imperialists to protest their spying activities". Naturally, they declined. But they did not want to miss what promised to be the largest demonstration of mass hysteria ever held. After lunch, Forsyth-Smith and Small, who was fluent in Mandarin, stole out of the hotel and lost themselves in the crowds flowing into the Square. Just as they were congratulating themselves on successfully blending in, an armed patrol arrested them and escorted the duo back to their hotel. They had been under surveillance all the time, and had, it seemed, incurred the wrath of the Chinese by refusing the official invitation. The Canadians passed the remainder of the day watching from their hotel window as thousands of people were bussed in for the "spontaneous demonstration".

Although neither of the Trade Commissioners realized it then, their presence in China during those years was vitally important to the Chinese leadership. The disastrous consequences of "the Great Leap Forward" were being felt throughout the country and this, coupled with a terrible drought, had created the worst famine since 1879. Canadian wheat helped lessen the starvation and suffering that Mao's great gamble had caused.

The effects of the famine were also felt

at Lo Wu bridge, the border crossing between Hong Kong and the PRC. Not 27 miles from Kowloon, the little village was becoming flooded with refugees escaping starvation. In that year of 1959, an estimated 35,000 illegal immigrants crossed into Hong Kong, disappearing into the concrete blocks of the new estates. But these people ensured the future prosperity of the Colony, for they provided the cheap labour and industrial expertise that transformed the entrepot into an industrial giant. When Charles Forsyth-Smith was succeeded by Robert Thomson in 1962, Hong Kong was even experiencing a labour shortage, as new factories spewed forth garments, textiles and plastics.

Robert Thomson, with a degree in Commerce, had fought in the Canadian Army during the War. He joined the Foreign Service in 1947, and served in Bombay, Karachi, Singapore and Vienna before being posted to Hong Kong. The Commission staff that he inherited consisted of two Trade Commissioners – Peter Roberts and John Maldwyn Thomas; a language student and Acting Trade Commissioner – Daniel Molgat, and Norman Gish. The Chief Clerk was Herbert Ling; the Co-ordinating Secretary, Elvie Arnold; the stenographers, Eva Leigh, M. Wong and F. Loh; and Chow King. The Commission now owned one car driven by Lo Ping.



Commissioner and Mrs. Thomson at a reception to show off the new Canadian Flag. August, 1965.



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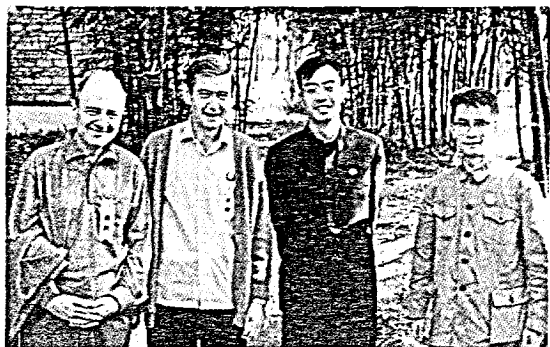
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## Chapter Five

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# The Decade of the Dragon



The Canadian Wheat Board at the Canton Trade Fair 1966. Fifty percent of China's foreign trade was done there.

The vicissitudes of the sixties demonstrated yet again how dependent Hong Kong and the Trade Commission were on the moods of their giant neighbour.

While Canada was gearing up to celebrate its centenary, 1966 was not a pleasant year for the Colony. There was very little rain that summer and reservoirs were fast emptying. The Cultural Revolution threatened to spill over the border, as it had in Macau. Charles Reid Gallow had been the Acting Trade Commissioner in Hong Kong immediately after the War, and returned as the Head of Post in 1966. The offices were then on the 11th floor of the P & O Building on Des Voeux Road Central. Adequate and modern at that time, they deteriorated as the staff expanded. Robert Godson, then the Assistant Trade Commissioner, recalls being posted to Hong Kong at the height of the bloody summer of 1967.

He arrived by liner – “The President Cleveland”, an American President Lines ship from Hawaii, to take over from Marc Lemieux. Although also responsible for trade in Cambodia, Laos and Vietnam, it was China that took up most of his time. He was assigned an office in the International Building, several blocks away from the Commission. Here too were the offices of National Health and Welfare and Immigration. Although not immediately exposed to the

riots of 1967, no staff member could be unaffected by the tension they generated.

On May 11th, a riot at the Hong Kong Artificial Flower Works at San Po Kong heralded the start of a long, hot and bloody summer. Baton charges by the police, huge crowds demonstrating outside Government House, and the taking of a border post by Chinese militia, made for a traumatic time. Canadian Trade Commission staff recall the cordoning of whole blocks in Central and Wanchai as bombs, both real and fake, were planted throughout the Territory. They could watch the mobs chanting Maoist slogans from the Hilton Hotel, waving their red books as they moved up to Government House.

At the same time, the total storage of water in the Colony stood at 50 days supply and all requests for additional supplies from China were unanswered. Only the big hotels had water, and as Robert Godson recalled, water rationing meant that this mundane item assumed an importance out of all proportion that summer. Water was available for two hours in the morning and at night; then one hour each time; and then only in the morning. Body odour at the office was becoming noticeable. The local staff were granted time off to stand in long queues with their buckets, waiting for the water to appear.

Everyone who could afford a vacation in the United States seemed to be at Kai Tak that July. For those who remained in Hong Kong, the silver lining was that accommodation was cheap and plentiful, and antiques became affordable in the Territory. Exclusive clubs were now desperately attempting to recruit new members, and the officers and support staff of the Commission took advantage of this. Several joined the hitherto exorbitantly expensive clubs and retain their memberships even today.

The summer in which communist and capitalist fought it out on the streets of Hong Kong came to an end on October 1st, as the Chinese turned on the water, and demonstra-



In 1967, the only contact with the Chinese Government was through the Chinese Chamber of Commerce. Robert Godson, then Assistant Trade Commissioner, recalls the informal diplomacy.

tions dwindled. The Trade Commissioner and his staff put away the emergency evacuation plans and property prices began to rise. But no one who lived through that summer, and contrasted it with the glowing reports of Expo '67 and the Canadian Centenary, would ever forget.

In 1968, with the retirement of Prime Minister Lester B. Pearson, Pierre Elliott Trudeau became Prime Minister. Trudeau had visited Hong Kong before – once as a student just after the War – and returned that year as the first Canadian Prime Minister to ever tour the Far East. Godson recalls that true to his media image, Trudeau was youthful and fascinated with everything he saw.

Charles Gallow arranged a boat trip for the official party out of Aberdeen after a long day of official functions. On board, Trudeau brought the conversation around to wanting to go out to a disco that night. Godson was delegated to accompany the Prime Minister. The Prime Minister was staying at the Mandarin Hotel and excused himself from an official dinner that evening. The local press hung around the lobby, hoping for a quote from "Trendy Trudeau". But that evening, Godson led Trudeau and his advisor, Ivan Head, with a mournful Moutie dutifully in tow, out the back of the hotel and then to dinner in Wan-chai. The Royal Hong Kong Police arranged for one of their boats to take them over to Kowloon, and the popular discotheque at the Peninsula Hotel. They returned to the Manda-

rin at about 2:00 am, and thinking that the Press had dispersed, Godson led them in by the main entrance. Hearing that Trudeau had not attended the official dinner, one reporter had lain in wait and waylaid him as they ran up the stairs to the elevator. The next morning, "The Star" featured Trudeau dashing up the stairs followed by Godson and Ivan Head with the Moutie bringing up the rear. The caption ran "Where Was Trudeau Last Night?".

But it was at the Canton Fairs that the Canadian Trade Commissioners really earned their salaries. Comparable to medieval trade fairs, the Canton Fairs were held in the Spring and the Fall, at a time in history when few foreigners had other contacts with China. A full 50 percent of the country's foreign trade was done at the Fairs, and places were widely sought after. All who were allowed to attend knew they would be subject to the savagery of the Red Guards. In 1967, thousands of Red Guards forced two diplomats to kneel in the mud and subjected them to chantings of Maoist thought. Even getting a visa to cross the border was made inconvenient. Godson was called one night at 4:00 am to say that if he wanted to attend the Fair, he had to be on the Canton train that same morning.

Once there, all foreigners were kept in the same hotel for a month, completely out of communication with Hong Kong. Each trader was only allowed access to the official

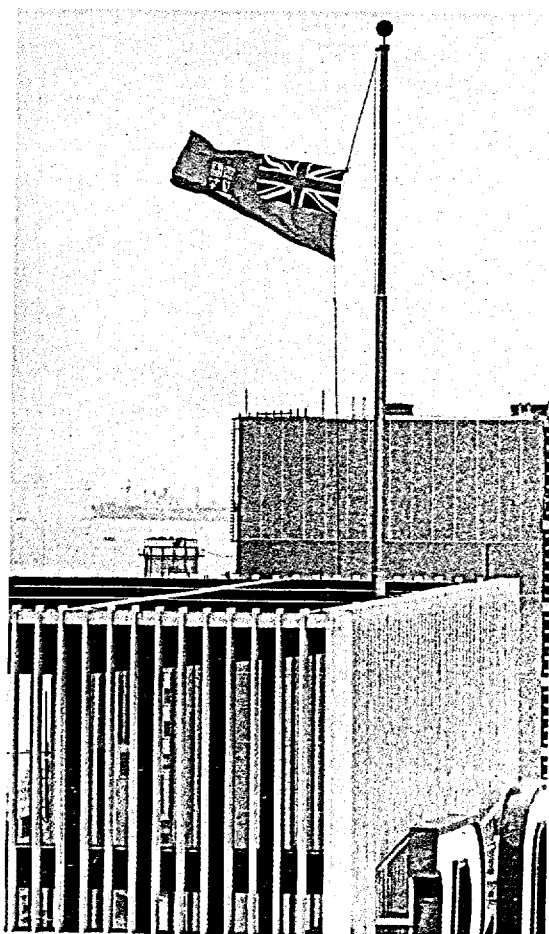
sent from Peking to deal specifically with him. Mealtimes were always interrupted with demonstrations, and loudspeakers blared revolutionary songs and slogans throughout the day. Before any serious negotiations were conducted, the obligatory reading of the "Thoughts of Chairman Mao" had to be conducted. The capitalists endured the humiliations stoically, and through it all, Canadian products were somehow sold.

Another Trade Officer who served in Hong Kong and ventured into the PRC toward the end of the Cultural Revolution was Jon Swanson, now Director of Trade Development Policy in Ottawa. He recalls the train trips into China with wonder and amusement. Several times the foreigners had to publicly confess to the Red Guards major "transgressions" such as dropping blankets on the hotel floor, or forgetting their visitor's ribbons at the Canton Fair.

Swanson's most memorable experience was of the 1969 Fair – where there were 23

Canadian companies – all kept at the venerable Tung Fang Hotel. He had planned to go to Canton by the famous "Gin Express", and phoned the beleaguered Canadians to see if he could bring anything they might need.

The response was immediate and definite – "Bring Scotch and cheese!" Dutifully, Swanson managed to purchase 10 pounds of assorted cheeses – taking care in choosing stilton, camembert, cheddar, emmental and others. The Scotch whisky was a bigger problem because PRC Customs regulations stipulated that only one bottle of spirits per person was allowed. Through contacts, the ingenious Trade Officer managed to purchase a giant bottle of Scotch – about 350 ounces – a monster jug that had been created for display purposes. He packed the assorted cheeses and Scotch into a large suitcase and arrived at the border. Customs officials could not help notice the Scotch, but on consulting the regulations, all agreed that "one bottle was one bottle". Swanson



The Red Ensign flying over the Trade Commission at the old P.&O. Building, 1965

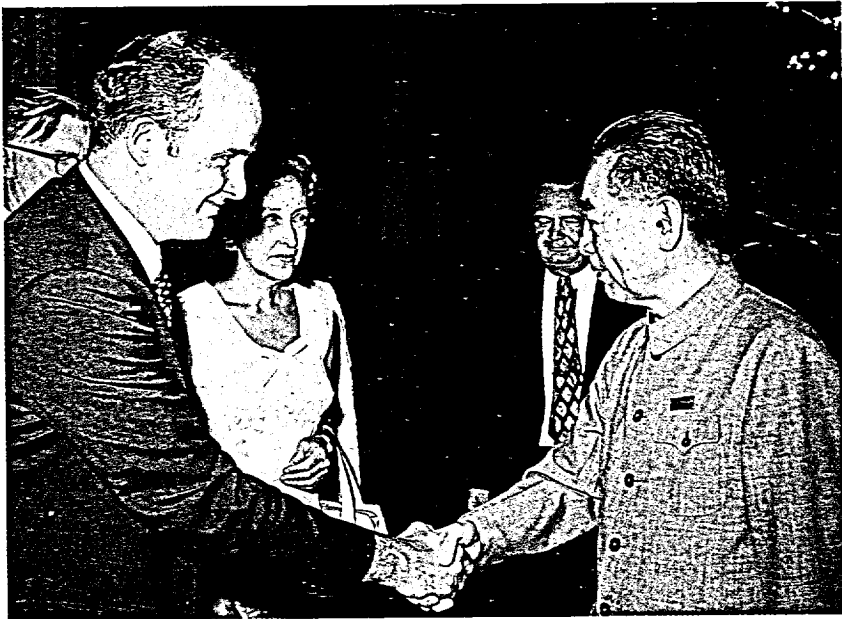
entered Canton triumphantly with the cheeses and whisky. At the Tung Fang Hotel, the Trade Commissioner arranged for a "Scotch and Cheese Reception" for the Canadians and other foreigners deprived of such luxuries.

Arrangements were made with the hotel management that the party would begin at six o'clock and, at that hour all the guests stood around enjoying the Scotch, awaiting the cheese. Time passed and there was no sign of it. On making discreet enquiries, Swanson was met by the embarrassed giggles of the normally staid hotel staff, who finally led him to a room off the kitchen. There he saw eight pigtailed girls in blue uniforms around a huge cone made up of thousands of tiny cheese balls! He had forgotten that the Chinese did not, at that time, eat cheese, and had no idea what this gooey,

smelly substance was. Unwilling to lose face by asking the "capitalists", they reasoned that it must be some sort of raw material for an elaborate centre-piece. So much for the care and expense of selecting the emmental and stilton!

In any event, the cone was triumphantly carried in on a large metal platter by the eight girls, to the shouts of the assembled expatriates – now well lubricated by the scotch. Everyone had a memorable time, trying to outdo each other by singing the familiar Red Guard songs.

The officers who pioneered the China Trade were aware they were making history, but they remembered the happier events, when politics were forgotten and humanity bridged the void.



Chou En Lai welcomes the acting Trade Commissioner Robert Godson just after recognition of the PRC. October, 1971.

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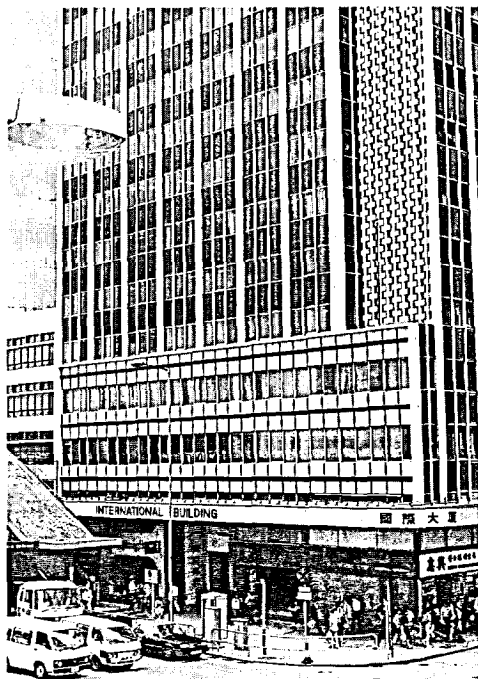
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## Chapter Six

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# Into The Seventies



In the 1960's, the Commission's offices were divided between the International Building and P.&O. House.

The offices of the Trade Commission, and those of Immigration, and Health and Welfare, were at this time four blocks apart. In 1970, an inspection team from Ottawa visited the two premises and made several pertinent observations.

A number of factors appeared to be responsible for what the Inspectors noted as "unsatisfactory work flow". There were now 35 Canadians at the post – Immigration, Health and Welfare, Trade, Communications, and Diplomatic Couriers for the Peking train route. Maintenance of staff quarters, family welfare administration and the environment of Hong Kong, made for an impossible burden on the Office Manager. The purchasing of food and mundane office supplies for the newly opened Embassy in Peking was time-consuming and inefficient. There was also considerable irritation stemming from working conditions in the P & O Building. The

offices were little more than large closets, with staff working in windowless rooms, and the general office acting as a thoroughfare for traffic. By contrast, the International Building was spacious. There was now a political officer posted to the Commission for reporting. A "secure area" was also vital. The Consular Section was inconveniently located several floors below, and was becoming overrun with Canadians requiring assistance.

Surprisingly, the inspectors noted that staff morale was excellent. Thus, the main observations of the team were that the post look for new consolidated office space in Central area, and that the purchase of supplies for the Embassy in Peking be streamlined.

In November, 1971, Mr. and Mrs. Robert Wales disembarked at Kai Tak. Robert Lisson Wales was no stranger to Hong Kong. He had first seen the Colony as an Ordinary Seaman aboard the "H.M.C.S. Prince Robert"

when it escorted the two illfated Canadian regiments in 1941. He later served aboard corvettes and frigates in the North Atlantic, and left the Navy in 1959. He was first posted to Hong Kong in 1960. Two years later he was posted to New Delhi, only to return to Hong Kong in 1965 as Superintendent of the Canadian Immigration Service. The former Ordinary Seaman was now the highest ranking Canadian representative in Hong Kong. The Waleses checked into the Mandarin Hotel until their official residence was made ready.

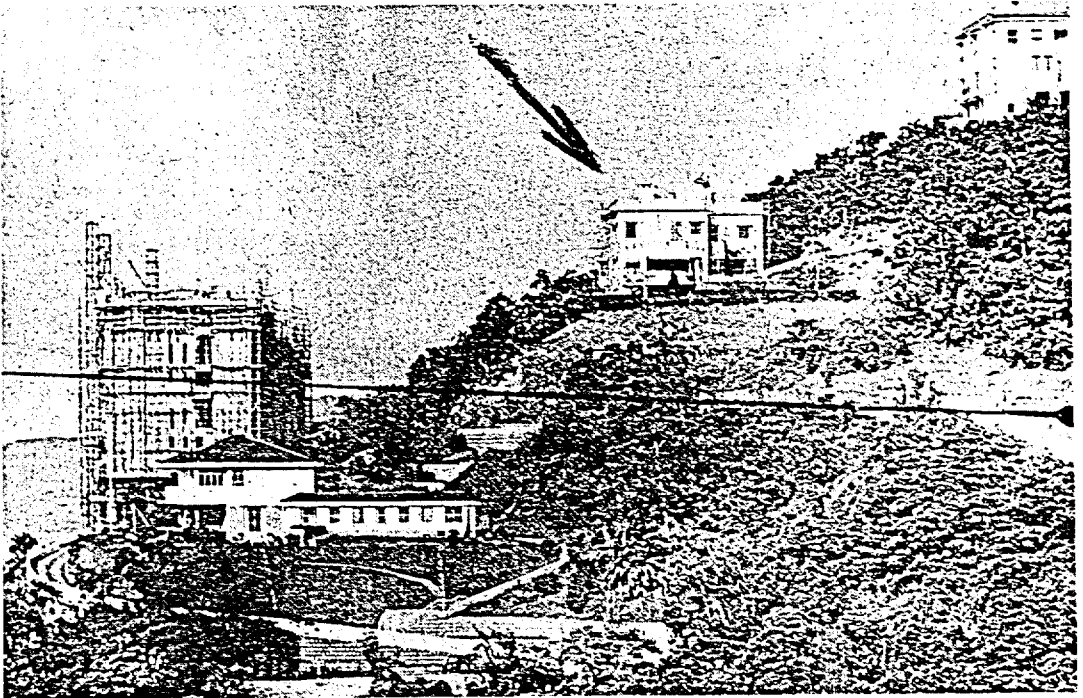
It was an opportune time to be Commissioner. The Colony had fully recovered from the effects of the 1967 riots, and the low paid refugees were providing owners with a competitive edge in the booming manufacturing sector. Gone were the armies of beggars that used to haunt the streets, fewer were the shanty towns of squatters, most absorbed into the new housing estates. In 1967, the average per capita income was HK\$2,639; four years later it was HK\$5,000. Rickshaws were being replaced by Rolls Royces, starvation by twelve course dinners. The growth of a middle class, the upward mobility of profes-

sionals, and the spread of education and rising expectations among the young, made Hong Kong second only to Tokyo as an Asian centre.

The Commission too was expanding. As proposed by the inspection team, the Administrative Officer, E.P. Foychuk, had been actively looking for new office accommodation. Foychuk estimated correctly that to fulfil the proposals of the inspection team, the Commission would require at least 20,000 sq. ft. The Trade Commissioner, J.A. Langley, cautioned on moving out of Central, as all their contacts were in that area. The search was on.

The summer of 1972 was not a good one, however. The worldwide recession caused a downturn in Hong Kong's economy, and the summer was the wettest in the Colony's history. Tragically, First Secretary Wayne Hubble was killed in a Japan Air Lines crash that June, and a week later the Official Residence was demolished to prevent it toppling into the house below.

The Senior Trade Commissioners had lived in a large house on Severn Road as early as 1956, when Forsyth-Smith had liked



A news photo at the time was captioned, "A distant view of the houses in the Barker Road and Severn Road area, giving a general idea of how the house in Severn Road could have affected the houses below if it had toppled down. From left: 22C Barker Road, 31 Barker Road, 3 Severn Road (arrowed) and 60-62 Plantation Road. All the four buildings have been closed."

the view and leased it for his family. His successor, Thomson, enjoyed his stay in the house and coaxed the Canadian Government to purchase it as the Official Residence in 1965. The wide, uninterrupted view of the harbour and the sloping gardens made the house one of the most desirable residences in the area.

The Mid-levels had been susceptible to landslides since the area was developed in the 1920s. In 1925, 1941, 1950 and 1962, landslides destroyed several buildings, and caused many deaths. Extensive construction to fill rising demand for luxury flats, combined with heavy rainfall that summer, had undermined the foundations of all the buildings along Severn Road, and the residents were becoming more apprehensive as the summer continued. On May 11th, the Public Works Department advised the Commissioner to evacuate the Official Residence, as the

underpinnings of the entire building were seriously threatened. Through a torrential downpour, personal effects and furniture were removed to safekeeping, and the Waleses returned to the Mandarin Hotel to wait out events.

The Public Works Department confirmed that the foundations of the house had been undermined by excavations at a building site directly below the garden. On June 16th, following a week of heavy rain, a landslide took away the north side of the garden, and the Canadians were warned that the house above was in danger of sliding into it. As more heavy rain was predicted, salvaging the Residence was given up as a lost cause. While this in no way compares to the misfortunes of others in Hong Kong during that disastrous summer, when more than 100 people lost their lives and thousands were made homeless, it is nonetheless a memora-



From 1972 to 1986, the Commission occupied two floors in ubiquitous Asian House – next to the 'E' in the sign.

ble event in the Commission's history. On June 22nd, a demolition order was issued. The search was begun for an alternate Official Residence. Several comfortable villas were inspected, but the home of the Canadian Commissioner in Hong Kong would become a modest two storey house in Jardines Lookout. Gone was the magnificent harbour view, but so too, the threat of landslides.

As recommended by the inspection team, the Commission finally moved offices,

from the P & O and International Buildings, in September, 1972, to Asian House on Hennessy Road, in Wanchai. At the edge of the red light district, "The Wanch" was then in its heyday as an R & R zone for American servicemen from Vietnam, and about the most unlikely place to project a positive Canadian image overseas. The Commission offices did become the setting for a Robert Ludlum novel, and the huge neon "Kent" cigarette sign down the side of the building gave Asian House a raffish charm.



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## Chapter Seven

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# Trade Promotion is Big Business

Canadian exports to Hong Kong were approximately Cdn\$40 million in 1977. However, Hong Kong's exports to Canada had increased even more – from C\$208 million in 1975, to C\$284 million a year later, falling only slightly to C\$280 million in 1977.

In that year, there were some 35 Canadian organizations in the Territory, including banks, insurance companies, investment and security companies, Canadian Pacific and Canadian National, Seagram's, Alcan, Inco and Hiram Walker. No less important to the Trade Commission, were the enquiries from small businesses and one-man companies, who were also trying to get a foot in the door. Under Doug Campbell and J.F. McLachlan, the Commercial Section of the Commission concentrated its activities in three main areas: agriculture, transportation, and special projects.

Emphasis was on the promotion of processed food – attempting to capture part of the local market from traditional suppliers, such as Australia and the United States. In transportation, although the major contract for the Mass Transit Railway had already been let, there were other opportunities from spin-off projects. The Kowloon-Canton Railway, for example, had major potential. Special projects being pursued included consulting services to Hong Kong Telephone, development of a new airport site, a new harbour navigational system, as well as electronic component research.

With two Canada-based Trade Officers, the Trade Section relied on its local Commercial Officers – Bernard Yueng and Francis Chau – four secretaries and a single local registry clerk.

In 1981, John Treleaven took over as Senior Trade Commissioner. A year later he was joined by Waleed Hanafi, the new Assistant Trade Commissioner. These two shared a conviction that the Hong Kong market was gravely underestimated by most Canadian exporters, and completely undiscovered by a

large number of firms that probably thought all Asian markets were equally formidable.

In 1982, Tourism Canada recognized the long-haul travel potential of southeast Asia, and sent Arthur Fraser to Hong Kong to head up their regional program. His travels, naturally, extended over his whole territory, and were a frequent source of envy among his colleagues. But by the time he left four years later, he had left his mark, which did not stop with the three-fold increase in tourist travel to Canada by southeast Asians that he helped orchestrate. It was rather humbling for the export promotion staff to be shown that this tourist flow from Asia earned more money for Canada than all Canada's exports to Hong Kong, at least in 1985, when new travel records were being set.

Fraser also brought a whole different marketing approach to the post. He instituted a "marketing committee" system for his Tourism Program – a standard Tourism Canada approach. The Canadian Tourism Marketing Committee, comprising the major airlines flying into Canada and other companies with mutual interest in increasing awareness of Canada, undertook joint promotions, advertising and public relations campaigns.

Waleed Hanafi was on his first posting when he came to Hong Kong, but he was not new to business. Before joining the Trade Commissioner Service, he had been a partner in his own computer software company. He was uniquely qualified to promote high technology products, and with his special skills, Canadian telecommunications equipment suppliers began to make big inroads into the market. Taking a page out of Fraser's book, he formed a loose group of local agents, who all represented Canadian suppliers, and called it the Canadian Technology Marketing Committee. Together, they mounted a number of publicity campaigns, entered trade shows, and even held their own seminar series, with accompanying



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

stream of Canadian companies attracted to south China – infatuated with the prospects of an untapped market of one billion presumed “consumers”.

In 1982, Ted Lipman was assigned to Hong Kong, as Trade Commissioner responsible for South China. Reporting to the Embassy in Peking, his mandate covered south China (Guangdong, Fujian, Jiangxi, Guangxi, Hunan, Yunnan and Guizhou), liaising with PRC corporations established in Hong Kong (which at that time numbered less than one hundred) and assisting Canadian exporters wishing to break into the China market.

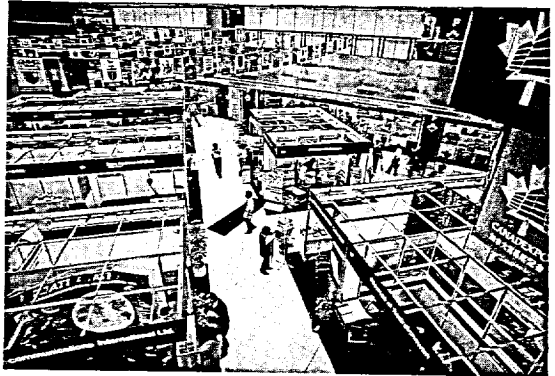
While Treleaven supervised the combined Trade and Tourism Programs, the South China Program remained relatively autonomous, relying on the Hong Kong office for infrastructural and logistical support. Over time, they came to realize they could enjoy many synergies.

Under Treleaven’s leadership, the Hong Kong trade staff did what had never been done before in Hong Kong – they organized and pulled off a massive solo Canadian trade exhibition that brought over 80 Canadian exhibitors to the Territory. With the help of several provinces that were by then located in Hong Kong, and over 250 volunteers recruited from among the Canadian university alumni associations that had been formed locally, they took over the main floor of the Hong Kong Exhibition Centre for most of a week. One of the highlights was the painting up of a tram car with Canadiana, and advertisements for CanadExpo’84. For several weeks it plied the route from Kennedy Town to Quarry Bay. Today, about 60 of the 80 firms have been successful in the market, either

directly or with agents identified as a result of the show.

Hanafi was the one who brought modern computer technology to the office. With his special knowlege, he negotiated the purchase of the Trade Program’s first micro-computer, and wrote a software package that allowed for a mailing list of 8,000 for CanadExpo. The WINEXPORTS computer system introduced worldwide in 1987 was modelled after his Trade Contacts System.

While Lipman was replaced by Christine Desloges in the South China Program in 1985, the volume of enquiries and follow-up, as well as visitor traffic, had reached such a level that the Program was under great pressure to expand. As a result, it acquired a full time Commercial Assistant, who was replaced in 1986, by a new Commercial Officer. The scope of activities also expanded, and by 1987, the Program took on every sign of being a full-fledged trade office. It handled about one thousand visitors annually, and over 5,000 enquiries from Canada, Hong Kong and southern Chinese provinces.



CanadExpo'84 was the largest promotion Canada ever held in Hong Kong.

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## Chapter Eight

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# From Asian House to Noble House

By the mid-1980's, the Chancery offices in Asian House were becoming cramped and unkempt. The Wanchai location was never the most salubrious, and it competed for the attentions of visiting businessmen with earthier attractions like the "Pussycat Bar" or "The Hey Feela Seafood Restaurant". Worse, the two floors of the Commission were sandwiched between the most popular (or so it seemed) Chinese restaurants in Hong Kong, and the air vents of their kitchens blew directly into the offices of the Commission. Years later, old files still carry the scent of braised fish cooked in garlic sauce. Those who worked at Asian House bitterly recall their travails with the crowded elevators. The building management seemed deaf to all pleas for crowd control, though it was comforting to see a Cabinet Minister and his entourage squeezed into an elevator, beside the fishmonger on his daily rounds.

The Administration Officer at the time

was Brian Passey. It was his job to liaise with the regional inspector who was sent out from the Office of the Fire Commissioner of Canada, who finally examined the accommodations. Not surprisingly, it was determined that the facilities no longer met Canadian safety standards. This caused the Commission to begin an active search for new premises.

Exchange Square, one of the best prospects, was built in 1984 on the last remaining waterfront site in the Central business area. It was to be the home of the new unified Stock Exchange. As Hong Kong Land publicity gushed, it was the height of excellence, destined to be the focus of blue-chip business activity throughout Hong Kong – a taipan's "noble house". And since its developers, Hongkong Land, were part of the Jardine's empire, this was not so far from the truth.

The Commission decided to lease space in the new building. Hong Kong, that old



The Maple Leaf flying over the Commission's Exchange Square offices across the road from the old Canadian Pacific offices.



Christine Desloges with the Director of the Ministry of Foreign Affairs, Mr. Chen Shipai, testing trade prospects on Hainan Island, 1987.

master of disguise, was changing its water-front face yet again – and the Canadian Commission was in the midst of it. It had become as, Maurice Copithorne, the Commissioner since 1984, remarked, “a world class post”. The fitting-out of the four floors fell to the new Administration Officer, Dan Mysak – a veteran of a Chancery move in Belgrade, Yugoslavia.

Maurice Hladik was posted as Senior Trade Commissioner in 1985, and Hanafi was replaced by Lynda Watson. The blossoming Trade Program was joined by an Investment Program in 1986, a consequence of the new Investment Canada Act which promoted, rather than discouraged, foreign investment into Canada. Hong Kong was chosen as one of only seven posts in the world to promote investment, and in its first two years, proved to be one of the most successful.

The political and economic situation in Hong Kong remained surprisingly stable throughout 1985 and 1986. But a lot was going on in China.

As a result of the quickly spreading modernization program, and the subsequent decentralization of decision-making, Chinese functionaries at different levels unconsciously began to test the waters, and experiment more in their dealings with foreign traders.

This brought a new flexibility to many business relationships. After a while, they became quite addicted to this new free decision-making method, which in many cases, unfortunately, led to overzealousness, if not outright abuse.

Faced with having to implement the economic responsibility system, Danwei executives resorted to “commercializing” many of the courtesies and protocol services. This meant charging fees for pick-ups at airports, preparation of itineraries for meeting with Chinese officials – the types of services that diplomats would normally provide as a courtesy. Private sector traders faced the same situation.

The wholesale adoption of things “western” in southern China had both good and bad sides. Clean discotheques “for the whole family” sprung up in remote centres such as Nanning, and were officially encouraged on the basis that they provided enjoyable physical exercise for young and old who waltzed, fox-trotted, tangoed, and occasionally jived, to live and recorded music. Refreshments in those gaudishly lit halls ranged from jasmine tea to cans of imported soft drinks, and were accompanied by the omni-present bowls of peanuts and candies.

Travelling in China, even today, whether

by plane or by train, is usually not looked forward to. The sights, sounds and smells, as well as the heat (or cold), humidity (either too high or too low), and the ever-pressing humanity, conspire to give one an overdose of unwanted, if not unhealthy, stimulation. In order to alleviate the pain, frustration and boredom of travellers who frequently fall victim to delays and last minute cancellations, whether caused by human negligence, or bad luck, enterprising local cadres organize impromptu screenings, on communal televisions, of Chinese videos featuring soap operas, and Kung Fu sagas.

In one case in Changsha, the non-stop action and blasting sound kept the Chinese travellers, and Trade Commissioner Desloges (the only foreign devil present in the smoke-filled, sticky and hushed waiting room), riveted to their wooden benches for over six hours!

Hong Kong based traders again became an important phenomenon, not just for the China trade, but for Asian trade generally. The Commission trade staff began to put in significant effort to identify and cultivate the best of them. Entrepot trade, the oldest form of business in Hong Kong, had come full circle, after years of neglect.

The new Chancery became Canadian in January, 1986. On February 21st, the Minister for International Trade, James Kelleher, presided over the opening of the new premises. The ribbon cutting ceremony was attended by over 300 guests. Hladik left nothing to chance. A lavish buffet was set up, surrounding an enormous Maple Leaf ice sculpture. Congratulatory bouquets of flowers competed with a host of Canadian flags for colourful attention. There was to be a ritual dragon dance in grand style.

In the bustle of it all, a request was received, supposedly from the Minister's delegation. It was felt that some sort of symbolic Canadian content should be in evidence at the ceremony. The two communicators who received the message were asked if they would mind wearing suits of the country's national symbol – the beaver – and make appropriate sounds, while the National Anthem was sung? This caused some consternation among the pair who were not only unsure about the availability of beaver suits in Hong Kong, but of the "appropriate noises"

that these animals made. They also had to consider the authenticity of the request.

Promptly at 5:30 pm, Minister Kelleher and Commissioner Copithorne took their places before the assembly, as the dragon entered the room. An assistant to the dragon dancers helped the Minister in the "Waking up the Dragon" ceremony by putting drops of paint on the creature's eyes, ears and mouth. Then, for prosperity, spinach was fed by the Minister into the dragon's mouth. He had been warned to step back after doing this, but was nonetheless jolted when the dragon ceremoniously spat it out. What Kelleher lacked in speed, the dragon made up for in gusto. Thus the Commission's new offices were christened.

Several anxious glances were directed by his party at the two communicators who were at that point helping themselves at the buffet table. Not only were they not in costume, but not a recognisable beaver sound could be heard. No one was ever sure if the request was a joke, or not.

To Maurice Copithorne's frustration, Hong Kong was still not enjoying a very high profile in Canada's foreign policy. He chided the Canadian government in relating politically to Hong Kong primarily on the basis of Canada's relationship with the United Kingdom and China. It was his contention that new perceptions should be fostered that took account of the emergence of distinctive local interests, and recognised the significant Canadian ties with the citizens of Hong Kong.

In September, 1986, Anne Marie Doyle was appointed as the Canadian Commissioner to Hong Kong. She arrived in October, 1986, and within a few short months welcomed the Governor-General of Canada, Madame Jeane Sauve, to the Exchange Square offices.

With a total staff now numbering 19, and a National Trade Strategy focussed on the Pacific Rim as a future growth market second only to the United States, the Hong Kong trade and investment presence undertook a number of major projects.

With Hladik's strategic flare and Fraser's organization and promotional skills, a thrust was initiated in the food sector. A huge food show was mounted that attracted 54 Canadian exhibitors, and both restaurant and supermarket promotions were cooperatively staged with local firms. The effort was so

successful that food and beverage exports in 1987 grew by 130 percent over the year before.

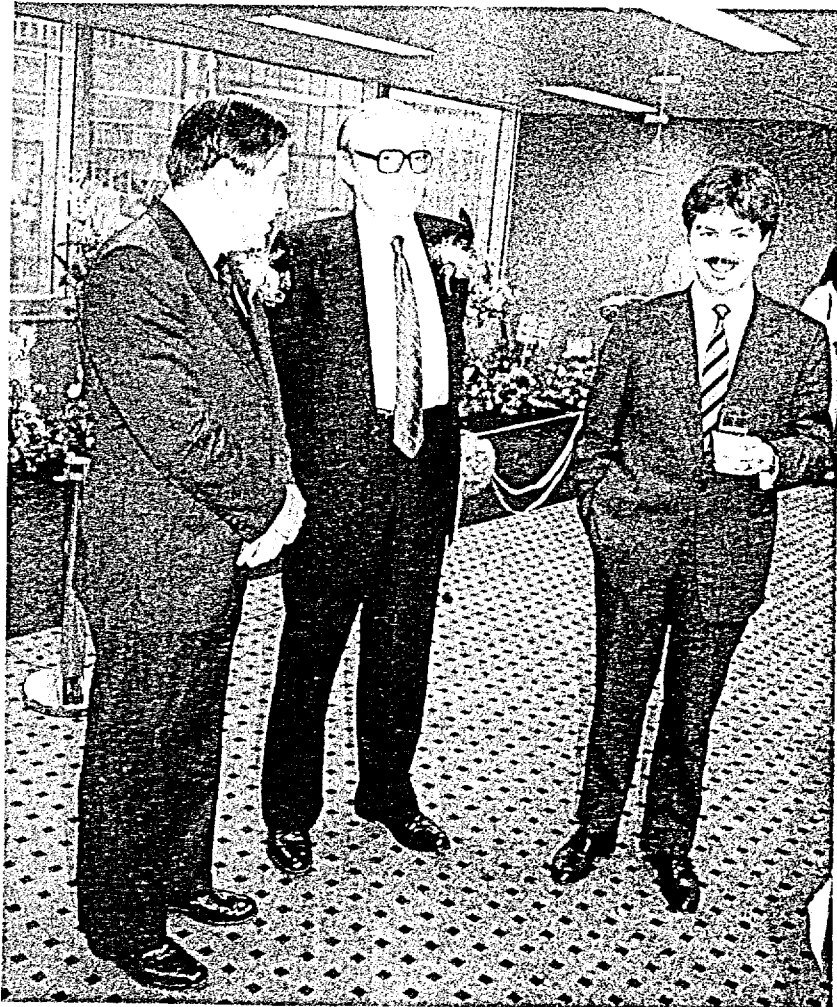
One important by-product of the food promotion was a cementing of federal-provincial relations in Hong Kong by focusing the combined resources of the six provincial government offices and the Commission at a single target. The impact and rewards of this excellent example of cooperation formed the pattern for numerous future efforts.

The South China Program was proceeding forward on all fronts too. By 1987, official Chinese sources estimated that over one thousand national, provincial and municipal level trade entities were operating in Hong Kong. Those offices became "windows on the world" for those corporations. During

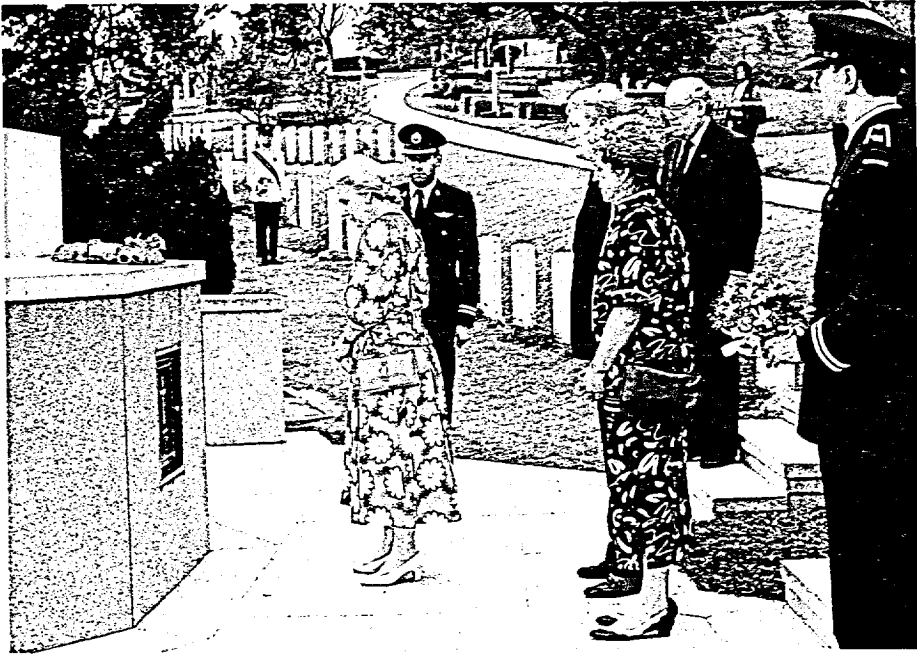
1987-88, the South China Trade Office undertook to sensitize those organizations to Canadian capabilities through a series of seminars called the "Know Canada Trade Seminars." In March 1988, it also organized, together with the Alberta government office, and corporate sponsors, the first ever Canadian food festival at the White Swan Hotel in Guangzhou.

Times were changing in China. One indication of this was that the White Swan Hotel which, like its foreign joint ventures counterparts, catered mainly to foreign guests, was by 1988, trying to attract local clientele. It had in fact become a popular gathering place for Guangzhou's own increasingly affluent yuppies.

By 1987, the Territory had grown from the backwater port of 600,000 people of



The Honourable James Kelleher, Minister for International Trade (L) with Commissioner Maurice Copithorne (C) at the opening of the Exchange Square offices. February, 1986.



Her Excellency the Right Honourable Jeanne Sauve, the Governor General of Canada and the Honourable Monique Landry, the Minister for External Relations pay their respects at Stanley Cemetery, March, 1987.

Charles Gallow's day, to the world's 13th largest trading nation. It was by then the world's third largest financial centre, and had overtaken Rotterdam as the world's busiest container port. It's citizens had, after Singapore and Japan, the highest standard of living in Asia. Without natural resources, it had nonetheless become what one magazine described as "the purest form of free-market capitalism anywhere in the world".

Hong Kong imported close to C\$65 billion in goods in 1987. While imports from Canada had increased tenfold since 1977 to C\$500 million, Canada still commanded less than one percent of the Hong Kong market. But in resources, food products, telecommunications, and building materials, Canadian manufacturers had succeeded in breaking into the local market. There was reason for optimism.

During the term of Trade Minister Pat Carney, a new "Hong Kong Trade Initiative" was formulated. The main thrust of the strategy being to focus Canadian attention on the Territory – business interest, mostly.

There are already signs that a new crew of companies are thinking about the market prospects, for the most part unconcerned about "the issue of 1997". Food, computer software, furs, building materials, telecom-

munications, and a range of new venture sectors account for this success.

These days, the Trade Commissioners and Commercial Officers are not alone in promoting trade with Hong Kong. Six provinces have offices of their own in Hong Kong. The largest Canadian Chamber of Commerce outside Canada is now situated in Hong Kong – 700 active members. And 10 chapters of the Hong Kong – Canada Business Association are now spread across Canada – 2000 members, and doubling in size each year – the largest and most active such trade group in Canada. The latter is particularly important, since it is comprised mainly of business-people inexperienced in trade with Hong Kong and China, who have joined for the purpose of learning about trading in Asia.

At the end of our journey through its history what can be said about the Canadian Trade Commission? That it will assist in doubling the volume of Canadian exports to Hong Kong within the next five years, there is no doubt. That future Trade Commissioners will register successes undreamed of by their predecessors, is a certainty. But lets hope they remember that they stand on the shoulders of some impressive forerunners.....



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**AUTHOR'S NOTE:** I would like to thank a number of people for their help and encouragement during the preparation of this history of the Canadian Trade Commission in Hong Kong. Former Trade Commissioners who contributed generously to this project include Robert Godson, Tom Fletcher, Max Forsyth-Smith and Jon Swanson, as well as the incumbent, Maurice Hladik. Christine Desloges and Lynda Watson also helped out with the present era. Other important contributions were made by Elvie Arnold, Eva Leigh, Bernard Yeung, and Doris Ho, all long term and valuable employees of the Commission. Other material and photographs were provided by the Hongkong and Shanghai Bank, the South China Morning Post, Canadian Pacific, and the library of the Department of External Affairs in Ottawa, specifically Deborah Welch and Margaret Bull. I hope everyone feels it turned out as they hoped.

– P. Pigott

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