

THE 70s LOOKING BACKS

10 years on: a personal view

By J.D. McGREGOR

DURING the whole of the time I have lived and worked in Hongkong (the two conditions being mutually supportive) the question of China's attitude and intentions towards our capitalistic enclave has never failed to attract interest, comment and the widest possible opinions.

Despite official disapproval expressed in many different ways, this intriguing subject has produced more discussion in Hongkong than almost any other.

I say almost because business, per se, must have been top of the pops in the verbosity stakes.

But business, too, must take account of any risk factor and China has certainly contributed at various times during the past 30 years to inordinate business excitement, concern, and even dismay.

In these days of heady euphoria over our excellent relations with China, it is considered boorish and ill-mannered (and even possibly disloyal) to hark back to a time when events in China were causing palpitations in many a Hongkong breast, when not a few Hongkong breasts had taken themselves off to other climes there to ponder the fickle wheel of fortune and when the guessing game was when not whether.

But hark I must since I have been asked to write briefly on the development of our relationship with the People's Republic of China over the past 10 years or so.

And I have assumed that my remit should be taken fairly widely and not simply across the trade sector.

I have very vivid recollections, and I am sure many of my Government colleagues of that time will share them, of the considerable uncertainty of 1967 and its aftermath.

My personal loss, or so it seemed to me then (and even now) was significant.

The effect on my career of my participation in the events of 1967 as a loyal but perhaps too outspoken Government officer was certainly sobering and thought-provoking.

I have always wondered what might have been had the 1967 disturbances never occurred and whether my career in the Government would have been different. Perhaps not, but then, who can tell?

Several of my equally outspoken colleagues in the Government did not subsequently fare very well either, and they too must sometimes wonder what might have been.

I would like one day to write more fully on my impressions of the so called 1967 disturbances and on the things done, mistakes made, reputations gained and reputations lost. Much, of course, has happened since and the past may interest only the historian.

To turn from the philosophical to the factual, however, any statistical analysis of Hongkong's trade connection with China during the past 10 years will provide convincing evidence of the enormous value of the Colony to China.

I need not set out more than a few statistics to prove the point.

In 1969, Hongkong's total trade with China amounted to \$2.74 billion with 99 per cent of that figure represented by imports from China.

This year, total trade reached an estimated \$15.9 billion, 90 per cent being imports.

These are massive figures and the huge imbalance in trade in favour of China accentuates the expanding importance of Hongkong's role in China's economic development.

Hongkong is China's largest provider of foreign exchange and, given the consistent

trade balance, that situation is not likely to change.

Who would have thought in 1967 or even 1969 that Hongkong would also become a source of high industrial technology and production for China, training ground for China's technicians and managers, and an important provider of finance and related services for development projects.

But then, who could have predicted the stunning changes in direction of Chinese economic and trade policies in recent years giving rise to the present irreversible thrust towards the four modernisations?

There has been a flood of information, not all of it accurate, about the pace and extent of China's economic programme and the priorities accorded to the construction of the necessary infrastructure and industrial fabric, also the legislation which will protect

foreign investment and the investor.

What is now perfectly clear is that China is committed to a programme of development that must rely on foreign participation which must be purchased.

The cost will require a prodigious effort by China to earn the necessary foreign exchange and in this situation, Hongkong figures large.

Here we are a captive market which can never balance its trade with China and whose people are only separated from China by system.

We represent no threat of any kind and our influence, if we have any, can only be beneficial to China.

The past 10 years have seen remarkable changes in the relationship between Hongkong and China. That is historical fact.

What is perhaps more interesting is the possibility that further changes will occur in the next 10 years and whether these will be to our mutual advantage.

I truly believe this will be so. We have much to offer each other, after all. And if it proves so, then 1967 and the aftermath will be mostly forgotten and put down to experience.

One thing is certain. The policies of the People's Republic of China towards economic development, external trade and its relationships with the world at large will have a powerful influence on the situation of Hongkong.

It is not correct to say, as many do, that 1997 means nothing to China.

For 100 good reasons, it does and Chinese intentions towards Hongkong are given point and direction by the fact of the treaties.

Even non-recognition of 1997 as an obligation is in itself a positive recognition that it is a date requiring attention, a time frame within which policies have to be established, decisions have to be made, and actions have to be taken.

I believe that these actions will be beneficial to the Hongkong people and to the way of life which so many have come to expect.