

February 2004 in Hong Kong

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A condensed press review prepared by the Consulate General of Switzerland in Hong Kong

Introduction

In February the media extensively covered the constitutional reform debate and particularly the controversy about patriotism. Worth mentioning is the assessment of HK made by a leading columnist: "We work longer for less money in a more polluted city, but we are still better than our regional counterparts, that is a summary of six hard years on Hong Kong since Asian markets plunged."

Domestic Politics

Political reform debate: The main topic of interest has been the debate on patriotism referring to Deng Xiao Ping's assertion that a patriot is someone who loves China, supports reunification and does not damage the stability and prosperity of HK. Sources close to Beijing have accused democrats of being anti-patriots and even of conspiracy to overthrow the Chinese government. Beijing has decided to play hard ball in the constitutional debate. It occupies the driving seat and its bottom line is that HK should be governed by HK people with patriots as the main body. Many papers have regretted this disappointing start to what is supposed to be an open debate mainly because the patriot requirement is hard to re-conciliate with universal suffrage and democracy. Debate has become very emotional with personal attacks and an atmosphere of witch hunt. Beijing's position is seen as an attempt to stop democrats from winning half Legco's seats in September. The message is clear: it does not want the democratic camp to have any part in the governance of HK. According to a known political commentator HK has become one of the most important and difficult issues facing the central government since President Hu came to power one year ago. It is said that the leaders are more concerned about HK than about Taiwan because they have little experience in playing politics in a democratic environment. They fear about the prospect of having an administration and legislature run by unpatriotic people who would constantly challenge the authority of the central government. The majority of the Chinese language press is of the opinion that heated discussion on patriotism as a political consideration will cause splits in the society.

HK's government has printed newspapers advertisements asking the public its views on reform. Respondents can reply by post, fax, e-mail or by filling a web form.

International reactions to constitutional reform debate: The British government has called for early progress to be made to achieve the goal of universal suffrage in HK with the Foreign Secretary saying that he understands the need for consultations between Beijing and HK and hopes it will not take too long to resolve the issues that need discussing. The US State Department annual report on human rights is critical of the fact that no timetable has yet been announced for consulting public on political reform.

HK legislator refused visa to Mainland China: Beijing authorities have refused to give a visit visa to a democratic legislator invited to take part in a conference in China.

New political group formed in HK: Some leading businessmen have formed a new political group called HK Development Forum to defend their interests and especially the functional constituencies in order to balance the populist policies of the democrats.

Creation of new think tank: Beijing has established a think tank on HK's reforms called "HK and Macau Research Institute", sign of a more pro-active approach of the central government in handling constitutional reform.

Controversy over education funding: The undergoing large scale review of HK university system envisages a small number of comprehensive institutions which conduct research along with a number of complementary specialized institutions. The beneficiaries will be the universities able to compete internationally.

International affairs

Consular representations in HK: Their number has risen since the handover. Today there are 56 career consular posts and 53 honorary consuls. Kenya, Albania, Ukraine and Romania have recently or are about to open representations.

Extradition case casts shadow on relations with Australia: The decision by Australia's justice minister not to allow the extradition of two men wanted in HK for alleged involvement in a serious crime threatens to undermine the good cooperation between the forces of law and order of HK and Australia.

Visa free access to Japan: HK authorities have secured visa free access to Japan for HK passports holders.

Violation of pharmaceutical patents: US accuses HK of allowing generic drugs to be registered regardless of whether they violate patents of other drugs and urges the government to improve generic drug registration.

WTO meeting: As the global group fails to set a date for the next round of talks, hopes are dashed for hosting WTO forum in HK in 2004.

Human rights

HK's protest against Art. 23 inspires Mainland activist: Chinese dissident and legal scholar Wang Yi said that if HK people can enjoy human rights but people outside the city cannot, mainland people are second class citizens. The contrast cannot be explained by "one country, two systems" which refers to two different institutional frameworks, not to two sets of universal values.

Falungong link threatens Bowie concert: Bowie's drummer wants to have booths jointly put together by friends of Falungong and Amnesty International. A Canadian follower of Falungong was prevented to enter HK.

US annual report on human rights: Sex slaves and illegal workers continue to be smuggled in large numbers through HK.

Transborder affairs

Bird flu coverage: Guangdong official criticizes HK media over irresponsible bird flu coverage.

General framework of cooperation: Close cooperation is the best remedy for Pearl River Delta region says Guangdong Governor. HK should shed its need to compete with and dominate its prosperous neighbour.

Tobacco executive arrested in anti-corruption probe: The suspect is accused of taking big bribe to help syndicates smuggle cigarettes into the Mainland.

Mainland refuses to help HK probe locally listed companies from China: Beijing has consistently rejected requests for information by HK regulators investigating locally listed mainland companies and businessmen. This has far reaching consequences over cooperation and communication between the two sides and could seriously erode HK's reputation as a leading financial centre upholding international standards.

Economy

Business expectations: for the first quarter of 2004, the volume of business/output in the manufacturing; wholesale and retail; import and export trade; restaurants and hotels; transport and related services; banks, financing and insurance; and real estate, business services and telecommunications sectors, is expected to increase in the first quarter of 2004 over the fourth quarter of 2003. On the other hand, the volume of output in the construction sector is expected to fall over the same period.

New business portal: A new business portal, business.gov.hk, was launched on 4 February to provide local, Mainland and overseas investors with essential information on how to start or expand a business in Hong Kong. The website provides detailed information under the following headings: Start your Business Finance your Business Grow your Business & Manage your Business.

Bird flu: On 4 February 2004, Financial Secretary Henry Tang said in Legco that the bird flu outbreak spreading in Asia and the Mainland would have little impact on Hong Kong's economy. He said Hong Kong had experience in dealing with outbreaks of infectious diseases.

Civil service: 13,000 jobs will have to go by 2007. With the government desperate to reduce the deficit, civil servants have already suffered a staggered average pay cut of 6 per cent. The size of the civil service is also being reduced from 173,000 now to 160,000 by 2006-7 to help reduce the government payroll. Their numbers would be cut to 167,000 by March next year.

HOFEX 2004: the 10th Asian International Exhibition of Hospitality Equipment, Supplies & Technology, Food & Drink (HOFEX 2004) opened on February 10. Some 950 international suppliers and manufacturers from 46 countries were participating in the exhibition and over 28,000 visitors were expected.

Intellectual property: Hong Kong Customs, Intellectual Property Department, tourism-related bodies, consumer protection agency and owners of intellectual property rights showed their commitment to promoting Hong Kong's image as a shopping paradise for genuine goods by pooling their resources to roll out new measures and a series of publicity programmes starting 14 February. The Commissioner of Customs and Excise said "We now have a very strong platform for co-operation in IPR protection and eradication of counterfeiting and piracy. He added "...in enforcement terms, we are starting a new chapter of our anti-piracy campaign." In March, the Customs will form the Intellectual Property Rights Protection Alliance with the copyright and trademark industry.

Fashion industry: The Government is actively following up recommendations on how to enhance training, improve capabilities, promote branding, and strengthen infrastructural support. On suggestions to develop a fashion centre, the Secretary for Commerce, Industry & Technology, Mr. J. Tsang, said that "... it is imperative that the local manufacturing sector move up the value chain, and increase the creative and intellectual property content of products. Creativity, novelty, design, and branding are conducive to enhancing the competitiveness of Hong Kong products."

Airport's privatisation: The government is planning to cash in \$6 billion of its \$37 billion investment in Chek Lap Kok over the next year, a move that will see the Airport Authority buy back its shares ahead of privatisation. Government sources said that if approved by Legco by the end of March, the airport's capital restructuring plan could be completed in the 2004-05 financial year. The proposal forms the first part of a two-stage plan to push ahead with the airport's privatisation. The next step is to launch public consultation on details of the airport's listing on the stock exchange. The consultation will begin next month.

Merger: The Government announced that the MTR Corporation Limited (MTRC) and Kowloon-Canton Railway Corporation (KCRC) have been invited to start negotiations on a possible merger. The negotiations are to be conducted on the basis of the parameters set by the Government. The two railway corporations have been given six months to conclude their negotiations. The Government will then decide whether or not to proceed with the merger having regard to the outcome of the negotiations.

Graft busters: Twenty financial executives including an analyst at investment bank UBS have been arrested by anti-graft fighters as part of an investigation into alleged share price manipulation and a stock placement on the Hong Kong stock exchange. The Independent Commission Against Corruption (ICAC) investigation involves the alleged payment of more than \$6 million in bribes. UBS released a statement saying it had immediately suspended Hong Kong-based small-companies research analyst Nicholas Tan pending the outcome of ongoing investigations.

Money laundering: Japanese organised crime figures allegedly have been laundering money through the Hong Kong branch of Credit Suisse (CS) as part of a scheme that has seen at least six billion yen (HK\$432 million) move illegally through the SAR. CS Hong Kong spokesman Martin Somogyi said Swiss confidentiality law prevented him from confirming or denying if his bank was involved. He explained that the Japanese case first came to light last December, when a Zurich district attorney was contacted by Swiss anti-money laundering officials and froze Swiss bank accounts.

Yuan: The Hong Kong Monetary Authority said 27 banks began offering personal Yuan services on 25 February, while 12 others banks had expressed intention to offer such services soon.

Pearl River Delta Integration: A new Greater Pearl River Delta Business Council was created. It aims at fostering closer economic co-operation in the delta region and at shaping government strategy on its economic development. It will complement the official HK-Guangdong Co-operation Joint Conference.

Hong Kong in figures

End-2003 Population : The Hong Kong Population was 6 810 100 (provisional) at end-2003, representing an increase of 24 000 (provisional) or 0.4% (provisional) over end-2002.

Foreign currency reserves: at the end of January 2004 the official foreign currency reserve assets of Hong Kong amounted to US\$123.6 billion 4 (end-December 2003: US\$118.4 billions). Hong Kong is the world's fifth largest holder of foreign currency reserves, after Japan, Mainland China, Taiwan and Korea.

Hong Kong's export in January grew at their lowest rate in 20 months, surprising many who had been expecting continued stringer growth. Analysts blamed the slowdown on several factors including a reduction in value added tax rebate for exports on the Mainland and the timing of Lunar New year this year. In January 2004, the value of total exports of goods (comprising re-exports and domestic exports) increased by only 0.2% over a year earlier to \$135.3 billion, as against a year-on-year increase of 15.8% in December 2003

Companies Registry: 50,049 new companies registered in 2003, up 7.51% (from 46,554 in 2002). The number of new overseas companies establishing a place of business in Hong Kong and registered under Part XI of the Companies Ordinance in 2003 was 724, an increase of 3.43% from 700 in 2002. The total number of overseas companies registered under Part XI of the Companies Ordinance stood at 6,983 at the end of the year, 273 more than 2002.

Hong Kong "Culinary Capital of Asia" has close to 10,000 restaurants providing a wide range of dining options.

Counterfeiting: The customs detected 641 cases involving offences about trademark counterfeiting and arrested 707 persons in 2003 in connection with seizures of counterfeit goods amounting to a total value of \$169 million. In 2002, 669 cases were detected and 626 persons arrested with seizures valued at \$122 million in total.

Tourism: HK recorded 15.5 million visitor arrivals in 2003, a 6.2% decrease year-on-year basis due to the devastating impact of SARS. Arrivals from the Mainland were 8.46 million (54.5% of total visitor arrivals), up by 24%.

Health

In order to prevent avian influenza Hong Kong has stepped up measures of prevention. These include a total ban of imports of poultry from Mainland China. Even though the Bird flu has reached the doorsteps of Hong Kong, as the death of black swans at Shenzhen zoo (just across the Hong Kong border) is blamed to the bird flu H5N1 virus, the territory stays free of avian influenza.

Varia

Macau more connected to Mainland than HK: In 2003 90% of Macau residents visited the Mainland as opposed to 56% of HK residents. Integration between Macau and Zhuhai is more advanced than the one between HK and Shenzhen.

HK looking for new identity: According to the government HK is Asia's world city but this has always been seen to be more of an aspiration than a statement of fact. Future HK could be a science and technology hub or a centre for the arts, a prime tourism destination and a magnet for Mainland tourists. It could either be an international city or a Chinese city and dragon head for the Pearl River delta. The creation of a creative class should be a priority.

Press articles about Switzerland

South China Morning Post, 2.2.04: "Success engineered in very Swiss family way: Schindler is, indeed, very Swiss. On a recent visit to Hong Kong to promote his firm's most advanced lift, he squeezed 90 minutes of content into a 45-minute interview with compact, no-nonsense answers to questions ranging from how he globalised a once Euro-centric company hailing from tiny Lucerne (population 350,000) to how such a closely held firm can continue to compete against industrial giants such as United Technologies – which owns industry leader Otis – and Mitsubishi. Mr Alfred Schindler said: "The Swiss don't like to talk a lot. They prefer action to talk"."

South China Morning Post, 27.2.04: "Ingenious choreography lifts abstract ballet. Renowned Swiss choreographer Heinz Spoerli directed the Zurich Ballet in its welcome HK debut. Spoerli's ingenious and fluent classical choreography sets the ballet in a flurry of activity. So, bravo the Hong Kong Arts Festival for staging pure-dance performances."

South China Morning Post, 29.2.04: "Hong Kong is very conservative about art. As a result, we don't get the artists who are showing now in cities around the world "...I think the stuff I will show will shock. They are disturbing because they are so attractive." " (Dominique Perregaux, a Swiss citizen who opened a New Art Gallery in Hong Kong).

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