

August 2004 in Hong Kong

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

Introduction

The second legislative Council (Legco) of the Hong Kong Special Administrative Region ended its four year term on July 13. HK's 3rd post-1997 Legco elections will be an important milestone for HK and Mainland China. As HK becomes more politically aware, Legco is also growing in prominence as a forum in which the city's most important issues are debated. Therefore during the month of August, all eyes were set on the September 12 poll. On the economic level, the government announced the end to 68 months of deflation as another sign of recovery and economic landmark. Macau Chief Executive Edmund Ho Hau-wah was re-elected for a second term.

Domestic Politics

August 1st parade : On the occasion of its 77th anniversary, the People's Liberation's Army (PLA) in HK staged its first-ever parade; 3000 troops were greeted by 27 000 people at the Sek kong barracks. This was the first time that such a parade had been held outside the capital. The event also marked the first time all lawmakers, including democrats, had been invited to an official mainland government function. In a speech, Lieutenant-General Governor Wang Jitang, commander of the HK Garrison, said that troops were displaying „ our immense power and determination to maintain HK's prosperity and stability“. For some observers putting the PLA in the limelight in this campaign season for the Legco elections was a patriotic message aiming at boosting support for Pro-Beijing allies. For others it was a show of sovereignty, or a soft warning to people and foreign forces against undermining HK's stability. An editorialist wrote that PLA warships' visit in May, open days at the barracks, and the parade, are "all part of an ongoing campaign that is half charm offensive, half admonition to potential troublemakers".

HK past, present and future: Is the title of an article with which the Commissioner of the Ministry of Foreign Affairs, Mr Yang Wenchang, summed up his first year in HK. He said that the "one country, two systems" concept "was invented by the Chinese people, and stands as a living testimony to their creativeness and wisdom". Since it has never been a result of diplomatic negotiations, there is no such question as to whether its implementation should be monitored by any foreign government". He attributed the Pearl of the Orient's prosperity to the significant role played by the Chinese community, to the city's geographical location as the gateway to China and to close links with the motherland (a big factory and a huge market) whose Government has spared no effort to economically support the Special Administrative Region. With all-out support of the 1.3 billion Mainland's fellow citizens, HK's compatriots will stand united, and strive for a better future.

Deng Xiaoping: In his speech at the opening ceremony of an exhibition in commemoration of the centennial birthday of Mr Deng Xiaoping, the Chief Executive, Mr Tung Chee Hwa, said "The quintessence of Mr Deng's theories is fully reflected in "One Country, Two Systems", a policy adopted for the re-unification of Hong Kong. He added that "It set an example for the world to follow in dealing with similar issues" For an editorialist, the formula is undeniably the greatest legacy left to HK by Deng Xiaoping. The anniversary should raise awareness of Deng as the architect of not only the "one country, two systems" idea, but also the catalyst behind the past 25 years of mainland economic reform. With regards to the democratic reforms, he added that Deng saw gradual and steady advancement towards universal suffrage as a goal for HK but that the leader however came out strongly against the British implementing universal suffrage before they departed. In the final analysis, the timing and arrangements for moving towards democracy here were left ambiguous, and probably deliberately so.

Constitutional reforms: On Aug. 11, Chief Secretary Donald Tsang announced that the three-month public consultation on changes to the electoral methods for the chief executive and Legco in 2007 and 2008, which was originally to end on August 31, has been extended beyond Legco elections, until September 30, to give political parties more time to respond. The move has fuelled speculation that the government wants to determine the strength of the democrats in the new legislature before deciding if it should make more concessions on the electoral package.

Democrat is denied entry: Dr Law Chi-kwong, the Democrat party's election campaign chief, was turned away at Shanghai airport after he arrived for a six-day academic visit to the city and Beijing despite having secured permission for the trip. This on-off trip is the latest in a series of controversies involving the Democrat Party, DP, (see hereafter "Controversial issues"). But Li Gang, deputy director of the central government's liaison office, denied that the refusal of entry was related to the Legco elections. He later admitted that a communication breakdown was to blame for the DP member being refused entry to Shanghai.

Legco Elections 2004: Selected highlights and comments

Nominations for Legco elections closed on August 4 with a record 162 candidates who will compete for 60 seats (30 seats in geographical constituencies (GC) based on universal suffrage, 30 seats in functional constituencies (FC) ; 11 FC-seats are uncontested since no rivals came forward by the deadline). The number of members directly elected through the GC will increase from 24 to 30.

About functional and geographical constituencies: For some observers the current vote counting which separates tallies into FC and GC has hindered true representation of public opinion in the passage of laws. One academic said that there is conflict between councillors from the different constituencies. In order to reach a compromise, councillors from the GC representing different people and various interests, cannot be too radical, while councillors from the FC, representing the interests of their own professional occupation tend to protect their own interests. Another observer mentioned that fearful of the development of welfare-state policies, the business sector has been sceptical of the demand for better care for those in need. Referring to the high number of unopposed legislators in the FC he added that the fact that some candidates - barely recognised by ordinary people - are elected unchallenged makes a mockery of the democratic election system.

Controversial issues : While portraying itself as a party that people can trust, the DP has become mired in a credibility crisis following separate scandals involving two of its candidates. Alex Ho Wai-to was arrested in a hotel in Dongguan (Mainland) and jailed for patronising a prostitute. Another candidate, James To Kun-sun has been accused of using his Legco allowance (taxpayer's money) to pay above market rent for the flat he uses as an office. He also failed to declare to the Legislative Council his interest in a shell company holding the property (The DP appears to have survived this controversy unscathed, although Mr To has suffered a four-percentage-point drop in support, according to the party's election campaign chief). The DP said it was a victim of an organised smear campaign. Beijing was not launching smear campaigns against the DP in the run-up to next month's Legislative Council election said Li Gang, Deputy Director of the central government 's liaison office in HK. But former DP Chairman Martin Lee said it was beyond doubt that the liaison office was behind the smear campaign, as a series of recent incidents had been « so well organised ». The party has warned that more systematic attacks are likely in coming weeks. Frontier candidate Emily Lau Wai-hing claimed that "professionals" had broken into her house and said the break-in could be linked to an intensifying "smear campaign" aimed at the pro-democracy camp. A Political scientist said voter sympathy might go to the democrats if the smear campaign intensified. "If candidates are repeatedly smeared but the negative information lacks evidence to back it up, voters will doubt the motives behind the so-called exposing of the scandals.

Democratic Alliance for the Betterment of Hong Kong (DAB): Having full confidence that he will recover, DAB chief Ma Lik vowed to continue his maiden Legco campaign after being diagnosed as suffering from colon cancer a day after nominations closed. The law does not allow a candidate to pull out of an election after nominations close. But the party said Mr Ma would not have quit the election even if the diagnosis had come earlier.

Lack of substance. An editorialist observed that it is hard to tell that we are in the middle of a high-stakes contest for seats in the legislature. He mentioned that the policy proposals get little attention due to the adopted style of campaigning (tug-of-war contests on the beach, bicycle rallies, karaoke sing-along) and underlined the lack of debate: "Proposals are found in the platforms and manifestos but rarely get debated in the shallow campaign atmosphere that the parties themselves have helped to foster", which might be explained by the fact that "many of the positions are under-researched and under-developed." Examples: The Liberals (pro-business party) have yet to distinguish their economic policies from anyone else's... The Article 45 Concern Group and The Frontier are known for being in favour of speedy progress towards universal suffrage but their campaign literature is lacking details on how that can be accomplished. Conclusion : The candidates must use the two weeks left before polling day "to explain to the public what makes them qualified to pass budgets, approve town planning proposals and otherwise supervise the executive branch of government."

Envoy sees no foreign meddling with polls: Asked if foreign forces were interfering in the polls, the acting commissioner of the Ministry of Foreign Affairs in Hong Kong, Wu Hailong, said he did not know of any overt interference. He would not say if there was evidence of covert interference. He also said that "The votes are in the hands of Hong Kong people and they can decide who to vote for. If the pro-democracy camp wins half the seats, it would be the choice made by Hong Kong people,"

Getting to the ballot box : on polling day, September 12, polling stations will be open between 7:30am and 10:30pm. The proportional voting system (introduced in 1998) will be used to elect 30 Legco members in the GC. Under the proportional representation system, voters choose from lists of candidates instead of voting for a particular candidate.

Trans-border affairs

HK-Guangdong agreement: On August 4, HK and Guangdong signed a new agreement on 14 key areas of cross-border co-operation. The 7th HK and Guangdong Co-operation Joint Conference highlighted the reinforcement and improvement of co-operation in areas such as manufacturing, service industries, control points, logistics and infrastructure construction, environment, etc. Under the agreement, tours will be organised for HK business people to explore opportunities in eastern Guangdong.

Guangzhou unveils its new airport : the new Baiyun International airport opened on August, 2nd, 2004. It will handle 80 million passengers and 2,5 million tones of cargo each year. A commentator said, HK Chek Lap Koks' airport would face the biggest challenge of its six-year history. For others, HK will maintain its lead as an aviation hub; it is too soon for Chek Lap Kok to be worrying.

International Affairs

HK Bishop Joseph Zen Ze-kium will meet the Pope : A date for the trip has still to be decided. The HK diocese enjoys a special status: its high degree of independence means it does not belong to any national bishops' conference. Therefore an individual audience will be granted to discuss matters in detail. A religious affairs expert said the duty visit would be a significant event as the bishop would have the chance to directly brief the Pope about HK's latest developments. "But it is hard to tell what message the Pope will send to Bishop Zen over Sino-Vatican relations, as the power to initiate improvement still rests with Beijing..."

The **WTO framework Agreement** reached on August 1st in Geneva will see HK host the long awaited WTO's sixth ministerial conference in December next year. Secretary for commerce, Industry and Technology John Tsang welcomed the news. He said HK would spend HK\$ 300 million holding the event.

Olympic Games: HK's silver medal winning table tennis duo, Ko Lai-chak and Li Ching, were greeted at the airport by a screaming crowd, including about 200 young table tennis players, as they returned from the Athens Olympics with their medals on Aug. 31. All Olympic gold medallists of the Chinese national team will visit Hong Kong from Sept. 6-8.

Human Rights and Legal Affairs

Establish a Human Rights Commission: Amnesty International HK recalled that HK does not have an independent mechanism for monitoring human rights, although many voices have, for many years, been lobbying for the establishment of one.

United Nations grills HK on EOC : In response to the government's regular report to it, the UN Committee on Economic, Social and Cultural Rights has asked for additional information on various issues, including the lack of age discrimination laws in HK and the condition of people living in "cubicle" or cage homes. The HK government was also urged to explain how it is safeguarding the independence of the Equal Opportunities Commission (EOC).

EOC : The Civil Human Rights Front - representing about 40 non-governmental organisations - called for the independent panel investigating the EOC scandal to be disbanded for lacking independence, transparency and power. The panel is investigating a series of events that undermined confidence in the EOC last year, including the dismissal of a director of operations, and which culminated in the resignation of its chairman, Michael Wong Kin-chow.

ICAC: The Independent Commission Against Corruption was wrong in seeking search warrants against seven newspapers and several reporters and in seizing journalistic materials in a controversial raid last month, the Court of First Instance has ruled. For an editorialist, by deciding so the court has ensured that press freedom, one of the most basic of democratic principles, is not eroded. The ICAC is appealing.

Varia

Hong Kong's population : has reached 6.84 million; the provisional population figure in the middle of this year was 6,841,900, an increase of 38,800 or 0.6 per cent, over the figure at the same time last year.

Abortions are more common in HK than in any other developed society : There were 20,235 abortions and 49,144 live births in HK in 2001. The number of abortions represented 29.2 per cent of recorded pregnancies, an increase of 0.7 per cent from the previous year (USA, 24,4 ; Singapore, 22.6; Japan, 22,3). Doctors and social workers say they are not surprised by the figures and blame poor standards of sex education in schools.

Economy

End of deflation : Measured in terms of the Composite CPI, overall consumer prices in July 2004 registered the first year-on-year increase after 68 consecutive months of decline since November 1998. Specifically, the Composite CPI rose by 0.9% in July 2004 from a year earlier, after a decrease of 0.1% in June. Apart from the effect of low comparison base a year earlier, the increase in CPI in July also reflected the combined influence of improved economic conditions, revived consumer demand and rising import prices in the more recent months. It was the first year-on-year rise in the CPI since November 1998 and has stopped what economist believe to be the world's longest unbroken

deflationary cycle in post-war economic history. Financial Secretary Henry Tang Ying-yen said a slight dose of inflation, ranging between 2 - 3% would be beneficial to economic growth. He also declared that "Prospects for Hong Kong, at least in the short term, are encouraging, despite the beginning of a new cycle of interest rate increases, high oil prices and possible uncertainty geopolitically". For a commentator, announcing the end of deflation provided a needed boost for authorities ahead of Legco elections.

2nd quarter GDP figure exceeds expectations: In real terms, the economy grew 12.1 per cent year on year in the second quarter, prompting the government to lift its full-year growth forecast by 1.5 percentage points, to 7.5 per cent. "We are now able to say that Hong Kong has entered a fully fledged recovery," acting Government Economist Elley Mao said. She noted the growth rate was in part a reflection of how bad things had been during the Sars outbreak, but pointed to a swathe of economic indicators suggesting the recovery was well under way. The city's consumers were back in the malls, with private consumption leaping 11.6 per cent year on year; exports of both merchandise and services experienced high growth, of 18 and 31.3 per cent respectively; and investment spending continued to improve, rising 13.2 per cent year on year.

CEPA II : On Aug. 27, Hong Kong and the Central People's Government (CPG) reached an agreement to provide further liberalisation measures on trade in goods and services under the second phase of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA II). Under CEPA II, the Mainland will apply zero tariffs to products under 713 Mainland 2004 tariff codes, which are on top of the 374 products that have been enjoying zero import tariff status since January 1, 2004. For trade in services, the Mainland has agreed to grant preferential treatment in eight new areas, and to broaden the liberalisation to 11 of the 18 services sectors to which preferential treatment has already been provided under CEPA. As part of the services trade under CEPA, Hong Kong and the Mainland have also committed to encouraging mutual recognition of professional qualifications and promoting the exchange of professional talent. A note on the further trade liberalisation measures and a summary of zero tariff products under CEPA II are available at the website of the Trade and Industry Department at www.tid.gov.hk.

HK Trade Development Council: The Chief Executive, Mr Tung Chee Hwa, had re-appointed Mr Peter Woo Kwong-ching Chairman of the Hong Kong Trade Development Council (TDC) for another term of two years with effect from October 1, 2004. Mr Peter Woo, aged 57, is the Chairman of Wheelock and Company Limited and its associate company, the Wharf (Holdings) Limited

Macau

Edmund Ho re-elected for a second term : Macau Chief Executive Edmund Ho Hau-wah was elected for a second term on August 29. Mr Ho, who was unopposed, received 296 of the 299 votes cast in a secret ballot by a 300-member election committee. After the election, Mr Ho briefly addressed the electors, pledging to continue carrying out the principles of "one country, two systems", "Macau people ruling Macau", and "high degree of autonomy" in his second term. Mr Ho will start his second term on December 20, the fifth anniversary of the establishment of the Macau Special Administrative Region.

Press articles related to Switzerland

South China Morning Post (SCMP), 01.08.04 : the SCMP published a sponsored supplement "Switzerland National Day". Under the title "take a fresh look at treasures from land of inventors" the supplement presented the programme of "Switzerland greets Hong Kong", a six months event to start in October through which HK will be offered an insight into the artistic, commercial, cultural and academic events aiming at highlighting traditional Swiss values (quality, innovation and well being). The innovative Theatre-Vidy Lausanne, the UBS Verbier Festival Orchestra and the Béjart Ballet were mentioned under the title "A kaleidoscope of dazzling shows reveals how innovation is transforming Europe's arts scene".

The **Weekend Standard, Saturday & Sunday July 31, 2004** also issued a Swiss National Day Advertising Feature. It presented, among others, a message entitled "Swissness on show " by Francois Barras, Consul General of Switzerland. He mentioned that the festival Switzerland Greets Hong Kong would underline the longstanding ties and further develop the strong relationship between HK and Switzerland. This message was also published by the **Hong Kong Commercial Daily** (Chinese language) which contained two articles providing general information on Switzerland including geography, history, economy, tourism and bilateral trade between Switzerland and HK.

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