

GOVERNMENT APPOINTEES | MARGARET NG

The best and the brightest?

There is a scandal brewing over the decision by Equal Opportunities Commission chairman Michael Wong Kin-chow to dismiss Patrick Yu Chung-yin – before he had even taken up his post as director of operations.

The incident exposes the need for a thorough review of the appointments system for Hong Kong's many statutory bodies. The lack of transparency and accountability in this case is already affecting the public's confidence over the governance of Hong Kong.

The way Mr Yu was dismissed makes people question the system. Is it really possible, they wonder, that a well-qualified professional – appointed through the proper procedure to a senior post in a public body – could have been dismissed merely because his appointment was made by the incoming chief's predecessor?

That this could be a valid reason is surely alien to the culture of public governance. The only other reason given, that Mr Yu exceeded his brief in an interview with the *South China Morning Post*, appears so flimsy that it is more like an excuse.

Given that a large number of senior public posts involve global recruitment to attract world-class professionals in order to maintain Hong Kong's internationally recognised

standards, this is a serious question requiring an unequivocal answer.

The way Mr Wong, a former appeals court judge, got rid of Mr Yu and handled queries from the public raises questions about the conduct and personality of the commissioner himself. The public has been shocked by his language and temperament. What was worse, was the fact that he admitted without any qualms that he accepted first-class air tickets for a holiday in Europe from a wealthy tycoon, who had befriended his daughter, while he was still a judge.

Such conduct makes the public wonder if he is the right person for the EOC post. The side he has revealed is also incompatible with the high regard the Hong Kong community has for its judges.

Inevitably, the public will question how Mr Wong came to be appointed, and whether Chief Executive Tung Chee-hwa's decision to allow him to carry on drawing his pension, while being paid for his role at the EOC, amounts to receiving double benefits. Do his qualifications and experience justify his appointment, and why should he be exempt from the normal rules, which would require his pension to be suspended? Exactly what criteria did Mr Tung adopt when making his decisions?

Who recommended Mr Wong, and who did Mr Tung consult? Since there has been no satisfactory answer from the government, suspicion is mounting that the real reasons concern cronyism and a political agenda to purge the EOC of its anti-government elements, which were brought in by the previous incumbent Anna Wu Hung-yuk.

The scandal and political undertones have already damaged the reputation of the EOC, one of the most prestigious institutions in Hong Kong. The damage is also threatening to taint the judiciary's reputation, and affect the world's confidence in public governance in Hong Kong, which is one of its most valuable assets. Once the values and standards of public governance slip, Hong Kong will lose its competitive edge with the rest of China and its standing as an international financial and business centre.

Transparency and accountability are central to public governance. Professionalism and independence must be jealously guarded. And a person appointed to a public office must be seen to serve the organisation, not mould the office to suit himself. The chief executive, who is entrusted with the power to appoint the head and governing board, or committee, of a statutory body, must see to it that each

appointment maintains the integrity of this system.

As long as it remains within the law, the powers of appointment conferred on Mr Tung are exercised at his discretion – but this does not mean he is entitled to appoint anyone he pleases without being able to account to the public on demand.

As long as his appointments, however arrived at, are seen to be right, the public will continue to trust him. Once the public loses faith in the use of this discretionary power, it will have to be replaced with a system of explicit objective criteria and method of assessment, and a procedure for open and fair competition.

In the case of the EOC, the public is entitled to know what has gone wrong, how endemic the problem is and what can be done to put things right. Legislators are duty bound to inquire into all this. Friday's meeting of the Home Affairs Panel, which Mr Wong has agreed to attend to give a public explanation of the events, is a good start. But we must go beyond the fate of the individuals involved, and address the more fundamental issues.

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MIDDLE KINGDOM



US-China trade: a political thriller

More than 30 years ago, when the US-China relationship was first forged, its rationale rested on geopolitics. Trade was an afterthought, a not terribly significant adjunct. In fact, when president Richard Nixon first visited Beijing, it was against the law for Americans to do business with China.

In the three decades since then, trade has moved to the front and centre of the relationship. True, the war on terrorism and North Korea's nuclear ambitions still provide a geopolitical basis to the relationship, but trade is now clearly the most dominant component, with the US putting China's trade surplus last year at more than US\$100 billion. It is inevitable that, with an election looming in the United States, China's huge trade surplus would become an issue, especially at a time when the US economy has been shedding manufacturing jobs. For months now, industry groups such as the National Association of Manufacturers have been accusing China of manipulating its currency to enjoy an unfair trade advantage.

Many politicians jumped on the bandwagon, urging Washington to put pressure on China to revalue the yuan, which has been pegged to the US dollar since 1994. One bill before Congress would impose a 27 per cent tariff on all Chinese imports unless Beijing agreed to revalue. Even US President George W. Bush joined in, urging China to let the market determine the level of its currency.

Recently, however, the US government has changed its tune. Respected economists and institutions like the International Monetary Fund have been saying that forcing China to revalue would not solve America's problems. Now, it seems, the US government finally agrees.

In September, the Congressional Research Service, the research arm of the US Congress, reported that "an undervalued yuan neither increases nor decreases aggregate demand in the United States" and is expected to have "no medium- or long-run effect on aggregate US employment or unemployment". Last month, the US Federal Reserve said rising imports from China were not to blame for the doldrums in American factories.

And last week, the US Treasury Department itself declared that China was not manipulating its currency to gain an unfair trade advantage.

As a result, the US has shifted its ground. While still keeping pressure on China, it is no longer harping on the currency, but on such issues as intellectual property rights, open markets and honouring World Trade Organisation commitments.

It was no coincidence that US Commerce Secretary Don Evans, in Beijing last week, dramatically displayed a pirated disc of the new US film, *Kill Bill*, saying that the pirated version had come out in China almost immediately after the US release of the film. "Software piracy rates in China exceed 90 per cent," he said. "It is reasonable to assume that the vast majority of the Chinese government is operating with pirated software."

Mr Evans, like US Trade Representative Robert Zoellick before him, emphasised that trade was a two-way street. "The American market will not remain open to Chinese exports indefinitely if the Chinese market is not equally open to US companies and American workers," Mr Evans said.

True, he also said the value of the yuan should be set by free-market forces, but his emphasis was on free and fair trade, rather than the currency. Mr Evans pointed out that China had agreed, when it joined the WTO in 2001, to "let non-bank entities establish financing arms so Chinese consumers could purchase automobiles". "We're still waiting," he said. Similarly, he said, the Chinese promised free access to established distribution systems for US goods. "We're still waiting."

This new approach, anchored on what is happening on the ground, is much more likely to be successful. At the very least, it makes the debate more relevant. If China has made promises that it has failed to keep, then it is fair to hold its feet to the fire. But to say that a currency, kept at the same level for nine years, is being manipulated, simply stretches credulity.

The Chinese, aware of political pressures on the Bush administration, are apparently planning to go on a shopping spree in the US, buying billions of dollars worth of such American goods as planes, jet engines and car parts. This may be enough to win Premier Wen Jiabao a warm welcome in Washington next month. But with the US presidential election still a year away, new pressures will no doubt be put on China before very long.

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HONG KONG AND SHANGHAI | TSANG YOK-SING

Getting to know you

The delegation of Shanghai municipal officials who visited Hong Kong managed to spare a good half-hour from their hectic schedule to meet members of the Democratic Alliance for Betterment of Hong Kong (DAB), to express their appreciation for the party's efforts in putting forward suggestions for closer economic co-operation between the two cities.

At the meeting, I asked the delegation's head, Mayor Han Zheng, whether he found satisfactory the outcome of their economic and trade co-operation talks with the Hong Kong government. "The results are not only satisfactory, they are most encouraging," he said, adding that he was certain the agreements reached would usher in a new era of fruitful partnership.

Shanghai is the second Chinese city to enter into a special co-operation agreement with Hong Kong under the Closer Economic Partnership Arrangement (Cepa) between the special administrative region and the mainland. Guangdong took the lead, when its governor Huang Huahua led a team to Hong Kong shortly after Cepa was signed, and arrived at an accord with the SAR government on co-operation in 12 areas. The Shanghai municipal government immediately indicated its willingness to follow Guangdong's example.

However, we cannot realistically expect Shanghai to become as close a partner as Guangdong for some time to come. There are more Hong Kong people doing business, working and living in Guangdong cities than in other parts of China, not only for geographical and linguistic reasons, but also because Guangdong started its liberalisation reforms much earlier than anywhere else. Doing

business in Guangdong has long been familiar territory for many Hong Kong people. By the time the governments of Guangdong and the SAR formally discussed plans of closer economic co-operation, they had a lot of practical experience to base them on. Both governments are very much aware of the opportunities that are available and the needs that have to be addressed.

Compared to Hong Kong's relationship with Guangdong, our partnership with Shanghai is a novel idea. Treading on unfamiliar ground, the two cities, previously perceived as rivals, will take more time to work towards a co-operative relationship that benefits both sides.

Despite the spectacular progress it has made in recent years, Shanghai is still some way behind Guangdong in the degree of liberalisation, and is apparently not yet ready to offer the same conditions for business.

One important concession Guangdong has made, for example, is to allow Hong Kong residents who are Chinese nationals to set up private retail businesses in the province, exempt from restrictions imposed on foreign investments in general. We believe many small investors will be interested in this new opportunity, and at our recent meetings with Shanghai officials, we persistently suggested that the same liberalisation policy be adopted in

Shanghai. The only response we have got so far, however, is that Shanghai welcomes investments from Hong Kong residents. The idea that such investments could be treated as different from foreign investments seems never to have crossed the minds of Shanghai officials, and they just find it hard to swallow.

Another example is the difference in the ways complaints from Hong Kong residents are handled in Guangdong and Shanghai. As early as in the middle of 1995, in response to a DAB proposal endorsed by the State Council, the Guangdong provincial government set up a special Hong Kong and Macau section in its "office for handling public correspondence and visits" to take care of complaints lodged by Hong Kong and Macau residents. This has made it easier for Hong Kong people to get assistance and remedy when they believe they have been treated unfairly by government or private institutions in the province.

In the past six years, the DAB has referred dozens of cases each year to the section, many of which have been dealt with to the satisfaction of the complainants. When we met Mr Han and his senior aides, we told them about the Hong Kong and Macau section in Guangdong, and suggested that a similar office be set up in Shanghai. True, there have been fewer complaints from Hong Kong people

about Shanghai than about Guangdong. But as a closer relationship develops between the two cities, more Hong Kong people will be engaged in various activities in Shanghai, and complaints and requests for help will inevitably increase.

But the Shanghai officials did not see the need to set up a special body for handling Hong Kong complaints. They assured us that the interests of all foreign investors, including investors from Hong Kong, were being looked after efficiently by a Foreign Investment Services Committee, under the municipal government's Foreign Economic Relations and Trade Commission. Besides, in case of emergency anyone in Shanghai could dial 911 for help, they reminded us.

The agreements for Hong Kong-Shanghai partnership in eight areas, formalised during Mr Han's visit, only set the framework for future co-operation between the two cities. Detailed arrangements and specific measures of implementation are still to be worked out. With Shanghai's rather limited degree of liberalisation, it is unrealistic to expect quick and significant results comparable to those derived from our partnership with Guangdong.

Nevertheless, the talks did effect a paradigm shift on both sides. No longer will Hong Kong and Shanghai perceive themselves as rivals. The two cities are determined to become strategic partners. Instead of fighting for the same pot of gold at the end of the same yellow brick road, each city will now find ways of complementing the other, and turn friendly competition into a driving force for growth.

Tsang Yok-sing is chairman of the Democratic Alliance for Betterment of Hong Kong

DETAINEES IN CHINA | ANDREA WORDEN

At the mercy of a flawed system

Last year on November 7, Liu Di, a fourth-year psychology student in Beijing, disappeared after posting essays critical of the Chinese government on the internet. Public security officers traced her to the Beijing Teachers' College and took her into detention; she was formally arrested more than a month later on suspicion of endangering national security by "inciting subversion". Nearly a year later, she remains in detention. Little is known about her case or situation. On Friday, prosecutors sent back her case to the Public Security Bureau for further investigation, due to insufficient evidence. While this could mean Liu will be released soon, it is equally plausible that she will face more pretrial detention, as her case is bounced back and forth between the prosecutors' office and the bureau.

Using the pen name "Steel Mouse", Liu posted trenchant essays on the internet in which she advocated political reform and defended other internet users whom she believed had been wrongfully convicted and imprisoned under China's anti-subversion laws. For example, she wrote an impassioned

defence of Huang Qi, who was sentenced to five years in prison for inciting subversion, a charge related to essays critical of the Chinese government that appeared on a website he established, but apparently no longer operated at the time the writings appeared.

Internet users worldwide have come to Liu's defence, but in the same way that she was detained for supporting Huang, so some of her defenders in China have similarly been held. The *South China Morning Post* recently reported on a campaign launched on her birthday – she was 23 on October 9 – in which dozens of people are taking turns to lock themselves up at home without light – to symbolically accompany her in prison. One of the campaign organisers was recently arrested on suspicion of subversion.

In March, in response to a petition filed on Liu's behalf with the UN Working Group on Arbitrary Detention, the Chinese government would only say that Liu had conducted activities with the purpose of subverting the authority of the state. It offered no factual support for its assertions that Liu had engaged in subversion and that her detention was not

arbitrary. To the extent that Liu is being detained for peaceful expression of her political views, such detention not only violates international human rights law, but also China's own constitution, which guarantees – in theory – freedom of speech, press and association for Chinese citizens.

Liu is also a victim of the vagaries of China's criminal detention process. Criminal procedure law provides that the Public Security Bureau may not hold a suspect in custody for more than two months for post-arrest investigation. There are, however, numerous provisions for extensions, rendering the time limit meaningless in practice. Liu spent at least nine months in custody for post-arrest investigation before her case was transferred to prosecutors.

The law authorises two remands to the Public Security Bureau for supplemental investigation – for a total of two additional months of investigation. Prosecutors have six weeks after the conclusion of each supplemental investigation to decide whether to take action. If the time limits are fully utilised, Liu could face an additional five

months in detention before a decision is made on whether to prosecute.

Needless to say, such provisions exacerbate the widespread problem of coerced confessions. Contrary to international human-rights standards, China has no mechanism by which a detainee like Liu can have her detention reviewed by a neutral judicial authority. She is at the mercy of a system that operates on the unchecked power of public security officials and prosecutors.

To its credit, the Chinese government recognises that it has a serious problem with excessive detention, and has even launched a campaign this year to address it. The chief prosecutors' office also set up a hotline and an email address for people to report cases of suspected excessive detention. In September, I sent an email inquiring about Liu and requested a response. More than a month later, there is still no word.

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ASIA BEAT



GUANGZHOU

Tony Camaropolous

High-rise clutter

Guangzhou's residential property bubble burst long ago. After decades of state-planned housing projects, the 1980s and 1990s witnessed a surge in privately financed construction.

This resulted in urban and suburban

residential developments, such as Riverside Gardens and Clifford Estates in Panyu, and Jin Cheng Gardens near the city centre on Dongfeng Road.

A feeding frenzy erupted in the housing market as families bought numerous residences and then rented them out, hoping that one day they would be able to sell them for a huge profit. They are still waiting.

A glut of new apartments, funded largely by Hong Kong and Taiwanese investors, pushed prices down, stunting the growth of the market. In recent years, rental prices have nearly halved.

Today, huddles of empty apartments and half-built office buildings are strewn throughout the city and in the suburbs. But despite a deflated housing market, elaborate residential developments are still being built for high-end clients with a "build it and they will come" kind of philosophy.

One developer in the "field of dreams" is the Kingold Group, owned by Zhou Zerong, an overseas Chinese from Australia. During its 10-year investment history in China, Kingold has ploughed 10 billion yuan (HK\$9.4 billion) into Guangzhou, in the form of property, education, agriculture and hi-tech

industries. This year, Kingold is launching an ambitious plan to capture a section of the residential property sector, and is targeting high-end clients. Favorview Palace, located in Tianhe district, is being marketed as an exclusive residence for locals who love high living.

The development boasts villas, gardens, lakes and spas. Baroque-style gates and spouting fountains give the impression that the development is definitely a place for the nouveau riche. According to some Kingold representatives, it is attracting mostly local clientele who have money to burn.

"We've already finished the first phase, and a lot of people have come in already," said Albert Ng, general manager of the Kingold Group Hospitality Division. "These include locals as well as expats. These are people who have spending power."

While developers like the Kingold Group prepare to reap big profits, about a dozen half-built, abandoned high-rise office buildings – such as the concrete monstrosity adjacent to the Garden Hotel on Huanshi Road – and scores of uninhabited residential abodes, clutter the city's skyline.

Rather than focusing only on high-end consumers, who prefer to flaunt their wealth by purchasing homes in exclusive developments, the city and its residents would do better to encourage developers to refurbish these concrete eyesores and convert them into affordable housing complexes.

Once again, Guangzhou city planners seem to be focusing on the perceived short-term gains from investment powerhouses like the Kingold Group.

This is being done at the expense of a growing middle class, whose needs are being largely ignored – mostly because they do not wield the same spending power as their well-to-do neighbours.

JAKARTA

Marianne Kearney

Born-again stars

For Muslims, the holy fasting month of Ramadan is a time for spiritual reflection and renewal. At the end, after 30 days of abstinence and

prayer, Muslims believe they are reborn afresh.

But in Indonesia, Ramadan offers a unique opportunity not just for spiritual rebirth but also for an image rebirth for numerous pop music and soap stars.

Television viewing peaks during the holy month, when people are looking for distractions from their hunger and they wake early for prayers and meals.

Thus during Ramadan, soap opera stars and famous singers are enlisted to entertain the fasting masses. Stars who usually sport fashionable, skimpy clothes instead wear a modest *jilbab*, or headscarf, and the latest in long-sleeved Muslim tunics.

On one particular afternoon, a host of stars are paraded and asked to talk for five minutes about their relationship with God, and their praying routine.

Of course, one can say that there is nothing wrong with soap stars talking about their religious practices. But in many cases, the interviews come across as soap dramas and appear to be more about improving the star's image and countering any nasty rumours, than true discussions about their religious sentiments.

In one confession, a very famous pop

star, whose extravagant birthday party at a five-star hotel for her one-year-old son made recent headlines, burst into highly dramatic tears as she told the interviewer how she thanked God every day for her son.

Another soap star, Desi Ratnasari, who was caught with drugs by police and narrowly escaped a prison sentence, appeared the following Ramadan doing the rounds of talk shows, modestly dressed and talking about how she had rediscovered God.

And as a sign of just how much images can change during Ramadan, Malay-Arab pop queen Inul Daratista, famous for her skimpy clothes and sexy hip-shaking dance – known as "drilling" – appears on the cover of an infotainment weekly dressed modestly with not a hint of flesh on view, vowing to abstain from "drilling" during Ramadan.

Under a cheeky headline of "A dish of dangdut without the salt", the magazine asks whether shows without the sexy routines will work. But what they lack in "salt", or flavour, they will definitely make up for by enhancing the image and status of the dangdut star, according to Indonesian observers.