

OUT OF THE BOX *Kitty Poon*

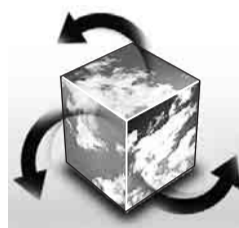
Subtle shifts in the balance of power

The biggest prize in the government's reform proposals unveiled last week goes to district council members. The plan would make all 529 of them members of the Election Committee, and let them choose five more lawmakers in the Legislative Council.

This proposal is part of a governing strategy unveiled by Chief Executive Donald Tsang Yam-kuen in his policy address two weeks ago. The politically savvy leader plans to give district councils more say over the management of some local facilities. He is also set to undermine the power of Legco by grooming another important player in Hong Kong's political scene. In a nutshell, Mr Tsang is rebuilding the balance between representative institutions at two levels.

The government's sudden interest in beefing up district councils seemed to have come out of nowhere. As recently as 2000, the then secretary for home affairs noted that the empowerment of district councils was the last thing Hong Kong needed. Responding to a call to strengthen the councils' role and functions, he noted they had always been consultative bodies, meant simply to channel public views on the management of local affairs.

Why has the government changed its mind? The answer must be found in the politics of the day.



"Mr Tsang is set to undermine Legco by grooming another important player... [the district councils]"

the rule of law – to nitty-gritty concerns at the local level. Politics in Legco would lose top billing to politics in town halls. Legislators would no longer be able to monopolise media attention – for yet another reason.

When district councillors take up their new powers, they will collectively outnumber legislators in the Election Committee. Their decision of which candidate to support for chief executive will do more to sway the final decision than the legislators on the committee.

Expanding district councillors' power would kill three birds with one stone. Hong Kong's three major parties – the Democratic Party, the Liberal Party and the Democratic Alliance for the Betterment and Progress of Hong Kong – jointly occupy fewer than 200 out of 500 seats in district councils. If the proposed reforms are accepted, all three parties would be forced to invest immense energy, resources and manpower to enlarge their offices and to recruit new members at the district level – something they are unprepared for.

For the moment, the democrats are united in opposing the proposals. But how long can they withhold their support, given the overwhelming popularity of the new Tsang administration? Some democrats will likely reverse their position, to fall into step with the public mood.

After all, the proposals do make some progress towards democracy, by ushering more elected members into the Election Committee.

Once they are in place, the reforms will make significant changes in Hong Kong's political landscape. The body that counterbalances the executive will itself be balanced by another player. As for Mr Tsang... well, you see what I mean by politically savvy.

Kitty Poon is a research fellow with the China Research and Development Network at the Polytechnic University of Hong Kong

CONSTITUTIONAL REFORM *Anthony Cheung*

Public opinion can tip the scales

As a pillar of its constitutional reform package, the government proposes to include all district councillors in the chief executive Election Committee and to give them the power to elect six legislators in an enlarged district council functional constituency. However, the pro-democracy camp is fiercely against the inclusion of appointed district councillors as part of the package. It has also voiced strong criticism that no fixed timetable for universal suffrage has been promised.

One cannot say there has been no progress in terms of incorporating additional elected elements – namely the elected district councillors – into a new system. But the main point of contention is whether progress is substantial enough. Some democrats may consider that the government proposal, as it stands, is not worth

supporting. If so, going back to square one is a price worth paying to preserve their non-negotiable "principles". The government, on the other hand, argues that the package is the best possible political compromise.

There are three potential outcomes. In the first, neither the government nor the democrats are prepared to compromise. Pro-democracy legislators refuse to vote for the proposal in the Legislative Council and it fails to get the required two-thirds majority. The status quo persists.

This is the worst scenario. Hong Kong loses an opportunity for at least some progress in democratisation, and both sides are blamed. For Chief Executive Donald Tsang Yam-kuen, riding a wave of popularity, it is a big political setback.

The second scenario sees the

government snatching a few votes from the pro-democracy camp to get the two-thirds majority. The package is passed, and Beijing cheers. The democrats are the big losers – failing to get any political credit for constitutional reform and failing to hold the 25 pro-democracy legislators together as a voting bloc. As a result, the democratic camp becomes divided, and relations with the government worsen.

In the third scenario, the government and the democrats (or the mainstream at least) finally come around to a compromise solution. The government package is passed, leaving both sides to take credit for pushing constitutional reform forward. The central government feels more at ease with the local political situation – and may even be persuaded to accept the introduction of universal suffrage sooner rather than later.

As one commentator said recently: "The angel is also in the details." Both the government and the democrats should try to work out details of any second- or third-best options that can go some way to addressing their mutual concerns.

In the end, neither side can take its position in isolation. Both need a good grasp of public sentiment. The government cannot bulldoze through something that lacks public endorsement; and the democrats cannot go it alone, either. At present, both sides are in a see-saw situation. This is the time for people to speak up and let public opinion facilitate a breakthrough.

Anthony Cheung Bing-leung is a professor of public administration at City University of Hong Kong, an executive councillor-designate and founder of SynergyNet, a policy think-tank

AUSTRALIA'S ROLE *Alexander Downer*

Countering the threat of mass destruction

The spread of weapons of mass destruction is one of the main threats to international and regional security. As irresponsible states and terrorists seek to gain access to devastating weapons, no country is immune to this menace, even those in regions currently free of nuclear, biological and chemical weapons.

By allowing some countries to get away with acquiring such weapons, we risk weakening restraints preventing others – potentially closer to home – from doing the same. This applies equally to terrorists who have shown they will stop at nothing to enhance their ability to kill. The horrific recent bombings in Bali only strengthen our resolve to keep weapons of mass destruction beyond their reach. Inaction is not an option.

Australia is firmly committed to practical action to stop proliferation. A new paper, *Weapons of Mass Destruction: Australia's Role in Fighting Proliferation*, outlines contemporary proliferation threats and the Australian government's multidimensional strategy for addressing them.

Since the end of the cold war, the proliferation threat has diversified. While the risk of nuclear conflagration has receded, checks on proliferation have failed to keep pace with new global security realities. And

globalisation has increased the availability of materials and technologies required to make weapons of mass destruction.

A handful of countries have flouted international norms by developing these weapons, and missiles for delivering them. Earlier this year, North Korea claimed that it possessed nuclear weapons. Iran is on notice to dispel ambiguity over its nuclear programme.

Some countries, or rogue elements within them, have even exported their deadly expertise. The rise of global terrorism has increased the stakes. Al-Qaeda has made no secret of its ambitions to acquire and use weapons of mass destruction. Terrorist groups in Southeast Asia have similar ambitions.

In the face of the lamentable failure of the United Nations summit to deliver outcomes on non-

proliferation, Australia remains committed to strengthening multilateral treaties. Put simply, countries that ignore their non-proliferation obligations must be held to

international account by the community. Australia has led the way by calling on the UN Security Council to assume greater responsibility and by promoting more stringent safeguards that would provide early warning of covert nuclear activities.

At the same time, the Australian government recognises the need for innovation and flexibility by embracing new thinking to stop proliferation as it occurs.

Australia has been a pioneer in the Proliferation Security Initiative. With no overarching treaty or secretariat, this initiative demonstrates what can be achieved within international and national law to disrupt trade related to weapons of mass destruction, drawing on the support of more than 60 countries.

A good example is the successful interception of centrifuge parts bound for Libya's nuclear weapons

programme before that country's welcome decision to renounce weapons of mass destruction.

We have been assiduous in ensuring that our exports do not contribute to programmes for such weapons. And we continue to work with like-minded countries to harmonise export controls.

We have also moved to strengthen domestic measures to prevent proliferators and terrorists from gaining access to sensitive materials, such as radioactive sources, and expanded efforts to encourage regional countries to do likewise. We have done so through a co-operative approach, integrating a growing role for many of the arms of government – defence, intelligence and border protection.

Australia's commitment to fighting proliferation will not be deterred by the complexity of present-day threats.

Through close co-operation with like-minded countries, we will continue to address them in comprehensive, innovative and practical ways.

Alexander Downer is Australia's foreign minister. Weapons of Mass Destruction: Australia's Role in Fighting Proliferation can be accessed at www.dfat.gov.au/publications/wmd

DISASTER AID *Eugenia Chien*

Is China giving enough?

China, the newest superpower on the block, is being skimpy with its disaster aid, considering its runaway economic growth. At least that is what some officials say. Others, however, point to its big role in building energy and transport projects in parts of the world that richer nations have neglected.

China pledged US\$6.2 million to Pakistan two days after the devastating earthquake. But Jan Egeland, UN emergency relief coordinator, in a news conference last Wednesday in Beijing, pushed the nation to do more.

"China has come very far," he was quoted as saying. "It is putting people in space. It has skyscrapers and traffic jams in huge cities. It has become a very impressive economic power."

But, it "must do more to share

with those that have not had the [same level of] development".

Beijing was criticised for being one of the last governments to pledge aid last year to tsunami victims in Southeast Asia. The US\$63 million that Beijing offered was small compared with the US\$500 million from Japan and the US\$350 million from the United States.

When Hurricane Katrina struck, China tried to improve its aid posture by pledging US\$5 million cash and US\$1 billion in kind.

Some observers say criticism of China's small disaster aid tends to obscure Beijing's full record on foreign aid. They point to the building of the Moi International Sports Centre and Eldoret Hospital in Kenya in the 1980s, and rice-growing projects and methane-generating pits in Uganda, as examples of aid to developing

countries. China has also helped construct and maintain railways between Zambia and Tanzania, its largest aid recipient in Africa.

China's aid to Pakistan, however, is controversial. The US State Department has accused Beijing of giving significant aid to Pakistan's nuclear-weapons-related projects, a charge that it has denied.

Since last year, China has moved from being an aid recipient to an aid giver. The World Food Programme made its last donation to the country this year, ending a 25-year aid programme that started during the Cultural Revolution. Japan is also phasing out its assistance.

President Hu Jintao (胡锦涛), during his visit last month to New York, pledged US\$10 billion over the next three years to the poorest countries with diplomatic ties to China. It is similarly positioning itself

as an aid donor. But are China's pockets deep enough?

Despite its rapid economic growth, the World Bank still considers China to be a poor country in need of assistance. World Bank President Paul Wolfowitz said recently that, in fact, China has the largest number of outstanding loans with that organisation.

Critics, meanwhile, say that the Chinese government should be focusing on poverty at home – especially with the rise of social inequality in impoverished villages that has led to violent protests and confrontations between peasants and government officials.

Eugenia Chien works for New California Media, an association of over 800 print, broadcast and online ethnic media organisations. Copyright: Pacific News Service

WINDOW ON THE WORLD

BEIJING *Eric Abrahamsen*

Close, but not that close

Last week Jasper Becker, long-time Asia journalist and author of *Hungry Ghosts* and *The Chinese*, came through Beijing and gave a talk at The Bookworm, a local lending library and literary locus, about his newest book, *Rogue Regime*.

This treatment of North Korea, its ruling family and the threat it poses to the international community is emblematic of a general western point of view on the country: it cannot help shuddering at the nation's surreal atmosphere and poses the question: "What to do?" It states the issue in terms of problem and a solution – namely, the removal of the regime.

For the Chinese, "what to do" may be too direct a formulation of the issue. China and North Korea are fraternal twins, born of the same global struggle, guided by the same ideology, pursuing the same noble ends – or so it goes in both countries' official literature.

In reality, relations were never that harmonious – and far less so following Deng Xiaoping's (邓小平) reforms – but there is a certain familiar resignation, a recognition that they are, to a certain extent, stuck with each other.

Even the North Korean embassy in Beijing is reminiscent of the China of 40 years ago – the

main building a poor cousin to old Soviet state architecture, with a great round seal hanging from the cornice.

But the Chinese themselves retain no nostalgia for things of that era, and there are signs that the Chinese people's patience with their intransigent neighbour is wearing thin. An often-illuminating window into citizens' minds is online news, where readers can append comments directly to articles.

On a recent Sina.com article involving the North, one reader crowed: "Because of North Korea's shameless irrationality, the US has made all sorts of concessions to China. Why should we help resolve the nuclear issue? Let North Korea be the United States' nightmare!"

A response directly below it read: "There's a nuclear-armed madman at our doorstep. Who's having a nightmare?" Other comments revisit the sore issue of China's decades of aid to North Korea, which was rarely met with gratitude and often repaid with curses.

It is hard to imagine the government does not share its people's displeasure. Another oft-circulated story describes former premier Zhu Rongji's (朱鎔基) angry refusal of North Korean leader Kim Jong-il's demand for more luxury cars along with grain shipments.

China and North Korea may once have been as "close as lips and teeth", but the Chinese seem just to be grinning and bearing it these days.

LONDON *Tim Bryan*

The Russians are coming

One reason why London will host the 2012 Olympics is its cosmopolitan character. At these games, even the swimmers of Burkina Faso could muster a few hundred fans. No other city boasts so many languages and cultures.

Of late, however, the foreign languages have become a tad more monosyllabic, courtesy of the rapid spread of a language once rare here: Russian. If you catch the No 243 bus down chaotic Kingsland Road, you will pass three new Russian-themed pubs and clubs. At night, especially, the bleached-blond, high-heeled and Slavic-faced passengers' clipped tones resemble a night out in Leningrad or Moscow, except that the driver won't say *da* (yes).

But the shop assistants in the luxury boutiques and fashion houses of Bond Street will say it. So many rich Russians are flocking to London that the shops are bringing in native-speaking staff. The Harvey Nichols department store employs six: its publicity people say the Russians are to this decade what the Japanese were to the 1990s and the Arabs to the 1980s.

While in 1991 just one Russian obtained British citizenship, the annual total now is 1,000. The Russian

community numbers an estimated 250,000, with three newspapers, a radio station and a resident orchestra. No wonder they call it "Moscow 2". The wags at *Forbes* magazine call it "Londograd".

Many oligarchs have followed Chelsea football club owner Roman Abramovich's lead, moving to London to exploit tax-haven loopholes, the shopping and the fact that it's only a three-hour hop by private jet back home to Moscow 1. They also love the aristocratic veneer, an atmosphere long since erased back home by the Soviets.

Another factor is that, in Russia, business is more – how shall we say – cutthroat. There, the tycoons increasingly live behind gates and walls, and shop behind bodyguards to thwart kidnappings and contract killings. But not here. The only contract killings in London are performed by the sweaty-palmed hit men known as estate agents. Some of them estimate Russians now make up a third of buyers in the top-end markets of genteel Belgravia, Mayfair and Knightsbridge. One has just bought a £41 million (\$564 million) pile.

Conspicuous consumption is booming, too. One Muscovite recently spent £500,000 here dining his corporate brood, flew in singer Liza Minelli to croon, and toasted her with £300-a-bottle cognac. Russians once lived here to escape the pogroms, revolution or Soviet system, but they are now here to sample the high life.

"The Russians are coming" now conjures visions of Londoners scurrying not to the hills, but to the tills.

CLOSE UP *Caroline Sapriel*

It's a risky business

I lived in Taiwan from 1982 to 1990 and then in Hong Kong from 1990 to 1998. During this time, I travelled and worked extensively throughout Asia, including various parts of mainland China.

I lived living in this region, being able to speak Chinese and experiencing the rapid changes that occurred while I was here. It has been life-shaping. And although I have been based in Europe for the past seven years, my closest friends remain based mostly in Hong Kong, mainland China and Singapore. Coming back to Asia on business regularly allows me to reconnect with them.

During my childhood, my parents often travelled to the Far East and always came back with interesting stories. When I went to university [in Israel] I was interested in languages as well as history and politics, and I learned Spanish and German besides being bilingual in French and English.

So when it came to decide what to study at university, I chose Chinese studies and international relations, with a specialisation in contemporary Chinese politics. During my studies I was a press officer for the government media office of Israel, and was fortunate to work in international press centres where journalists covered major news events, like the peace accord between Egypt and Israel in 1979. It was very educational.

Early in my career I was thrown into helping an airline, which had had a major crash, and dealt with the families of passengers as well as the ground crews. This was a terrible and



"Handling a crisis is not just about responding: it's about anticipating and preventing"

incredibly moving experience, but I felt that I was doing something truly valuable for my client.

This meant more to me than the traditional PR and communications work I had previously been involved in. So I decided to specialise in the field of risk, crisis and business-continuity management, by offering a comprehensive approach to help clients to better anticipate, prevent, mitigate and recover from crises.

Over the years I have worked extensively with a number of industries, particularly the oil and gas, aviation, shipping and the financial sector. I find it particularly stimulating to get to know the client's business and industry issues. This enables us to tailor our counsel, and build truly effective strategies and solutions.

When I founded my firm, CS&A, in 1991 in Hong Kong, there was virtually no formal approach to preparing for crises in the business environment. Most of the support came from PR firms in the area of media communications.

That is exactly where I saw an opportunity for change and, as a result, we were involved in the development of crisis management capability for many local and multinational corporations based here.

Handling a crisis is not just about responding when it hits you. It's about anticipating and preventing through effective risk- and issues-management planning; solid preparation to manage the loss phase; and having the right processes in place to recover and resume operations as quickly as possible, with the minimum impact on reputation.

Following Sars, bird flu is, of course, the biggest potential crisis Hong Kong will face.

The World Trade Organisation meeting in December is likely to bring a high level of activist and media attention to Hong Kong. Organisations big and small, throughout the city, must consider the potential impact this may have on their operations.

Caroline Sapriel is the founder and managing director of CS&A, an international risk- and crisis-management consulting firm. Interview by Alex Lo