

Report on Hong Kong



POLITICS

All hail the motherland. Now please leave us alone

On the 10-year anniversary of the handover to Beijing, a new democratic spirit is uniting Hong Kongers as they yearn for autonomy and a sense of cultural separateness from mainland China



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HONG KONG

For 37 minutes on Sunday night, nobody in Hong Kong will be able to escape the thunderous reminders of China's power.

In the biggest and costliest extravaganza in its history, Hong Kong will launch 31,888 fireworks shells into the air above Victoria Harbour to mark the 10th anniversary of its handover to Chinese control.

The symbolism will be unmistakable. For decades, Hong Kong had been dominated by British colonial governors and by freedom-seeking refugees who fled China's Communist regime. But the noisy fireworks on Sunday will hammer home a new message: Hong Kong is part of China, like it or not, and its people need to be proud of their Chinese rulers.

Almost every moment of the pyrotechnic display will be a dutiful homage to China. Beginning with a scene called "Salute to the Motherland,"

the \$2.2-million gala will reach a climax with a dramatic display of three huge Chinese characters spelling out a phrase meaning "Chinese people."

Just in case any doubts remain afterward, Hong Kong is organizing more than 450 other events to mark the anniversary, including Chinese art exhibits, Chinese ballet dancers, Chinese pandas in the zoo, Chinese pop singers, Chinese military performances, and even a "wonderful decade" essay-writing contest in which students can express their pride in China's takeover of the former British colony.

Hong Kong's politicians and bureaucrats are jostling to proclaim the most lavish praise of "the motherland" — the new politically correct term for China. "It has been 10 years since Hong Kong's reunification with the motherland," Ambrose Lee, the secretary for security, said in a typical speech this month. "Now we live and work in peace and contentment."

ARE THEY 'CHINESE'?

Yet despite the \$12-million in official spending on the anniversary celebrations, there is one slight problem: the majority of Hong Kong's people still

do not see themselves as primarily Chinese. Opinion polls confirm that most of the territory's 7 million residents label themselves "Hong Kongers" or "Hong Kong Chinese" — a unique identity. One recent poll found that 53 per cent saw themselves as Hong Kongers; only 34 per cent defined themselves as Chinese, about 6 percentage points higher than in a similar poll in 1998.

And while government officials are striving to integrate Hong Kong into China, the biggest change of the past decade is the growing political activism of Hong Kong's inhabitants — a new democratic spirit that increasingly sets them apart from the authoritarianism of the mainland.

Such is the push-and-pull of the complex relationship between Hong Kong and China. While the territory's economy has rebounded strongly in recent years, and the worst fears of 1997 have proven exaggerated, the most important issues are the same as always: the yearning for autonomy and the search for an identity that will keep Hong Kong distinct from the dozens of similarly sized Chinese cities on the mainland.

Beijing's original strategy was "one country, two systems," a promise of autonomy

to placate the doubters. But it wasn't enough to subdue Hong Kong's political activism.

So China turned to economic levers. Hong Kong had a reputation as a consumer paradise where the gods of materialism were worshipped more than any political or democratic ideals. Beijing's strategy was to capitalize on the booming Chinese economy, to lure Hong Kong into the bosom of the motherland with economic incentives and dreams of profit.

This strategy has had some success. China's economic influence has reinforced its political clout. Its booming market and the influx of mainland tourists have been a big boost to the territory's economy.

A NEW PASSION FOR RIGHTS

But with its economy now regaining strength after a prolonged recession, Hong Kong's people are less preoccupied with money. They are more concerned with community issues, from the environment and heritage preservation to the thorny issues of democracy. They see themselves as citizens, with rights and freedoms, rather than the subjects of outside rule.

Perhaps the most dramatic sign of this trend is a new passion for politics. On July 1, 2003, Hong Kong residents

shocked Beijing by protesting in massive numbers in the streets. An estimated 500,000 marched in a rally against a proposed anti-subversion law that could have jeopardized their freedoms.

A year later, they protested again in equally massive numbers, eventually forcing Beijing to replace Hong Kong's unpopular chief executive, Tung Chee-Hwa, with a more respected leader, Donald Tsang.

Even the traditionally powerful Hong Kong property development business is running into resistance from political activists. A huge public uproar this year followed the government's demolition of the famed old clock tower at the Star Ferry pier to make room for a shopping mall and a highway. A sense of community spirit and collective memory is arising for the first time.

"In the past, people always described Hong Kong's people as shortsighted and materialistic," recalls Ronny Tong, a prominent lawyer and pro-democracy activist in the city.

"It turned out to be false. People are more willing to stand up and be counted today. I can't think of any example in the past where people could get emotional about an old clock," he said.

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CANADIANS ABROAD » SETTING UP SHOP IN CHINA

'The move has been phenomenal for us'

BY MARK GRAHAM HONG KONG

The state of Elizabeth Thomson's business acts as something of a de facto health check on Hong Kong as a whole. If her company order book is full, chances are the economy is in fine fettle.

In fact, Ms. Thomson's operation is running at full steam helping international businesses set up shop in the former British colony, usually with

one eye on the vast Chinese market next door, with its 1.3 billion potential consumers.

In the 10 years since Britain handed over the territory to China, the economy has survived a series of body blows, including the Asian financial crisis of 1997 and the SARS epidemic of 2003. But Hong Kong is now arguably in its best shape ever, with a surging stock market and an entrepreneur-friendly business climate.

Low corporate and personal taxes; an ever-improving, modern infrastructure; English-style rule of law; efficient government; a keen work force and a minimum of red tape make it Asia's most business-friendly city.

Just as important, Hong Kong offers easy access to booming China, which is why so many businesses set up regional bases in the city before taking on mainland ventures.

Ms. Thomson's company, ICS Trust, helps businesses with revenues ranging from \$5-million to \$4-billion establish a base in Hong Kong and, subsequently, negotiate their way through China's bewilderingly opaque bureaucracy and legal system. Among her clients are sink manufacturers, yacht builders and auto-parts makers, all lured by China's cheap labour and potentially huge consumer market.

"We help them structure their business," says Ms. Thomson, who hails from Thunder Bay, Ont., and has lived in Hong Kong for three decades. "All we are hearing is 'China.' People are saying, 'We have to be there.'"

"Setting up in Hong Kong first has enormous benefits because of its structure — it has such a strong legal and banking system," she adds.

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